

In the Matter of: )  
 )  
Application for )  
Certification for the ) Docket No. 00-AFC-3  
EM-One Power Station's )  
NUEVA AZALEA POWER PLANT )  
PROJECT (Sunlaw Energy Corp))  
\_\_\_\_\_ )

SOUTH GATE, CALIFORNIA

3:13 P.M.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Robert Pernell, Presiding Member

Michal C. Moore, Associate Member

STAFF PRESENT

Susan Gefter, Hearing Officer

Ellen Townsend-Smith, Advisor

Jeff Ogata, Staff Counsel

James Reede, Project Manager

PUBLIC ADVISER

Robertta Mendonca

REPRESENTING THE APPLICANT

Barry H. Epstein, Attorney  
Fitzgerald, Abbott, Beardsley LLP  
1221 Broadway, 21st Floor  
Oakland, CA 94612

Michael A. Monahan, Counsel  
Wayne R. Gould, President  
Timothy G. Smith, Vice President-Power Development  
Sunlaw Energy Corporation  
P.O. Box 58324  
2045 East Vernon Avenue  
Los Angeles, CA 90058

Charles E. Lambert, Ph.D., DABT  
McDaniel Lambert, Inc.  
1608 Pacific Avenue, Suite 201  
Venice, CA 90291  
Assistant Adjunct Professor  
Community and Environmental Medicine  
University of California, Irvine  
Irvine, CA 92697-1825

INTERVENORS

Anne E. Simon, Attorney  
William B. Rostov, Attorney  
Communities for a Better Environment  
1611 Telegraph Avenue, Suite 450  
Oakland, CA 94612

Carlos Porras, Executive Director  
Bahram Fazeli, Staff Researcher  
Communities for a Better Environment  
5610 Pacific Boulevard, Suite 203  
Huntington Park, CA 90255

Alvaro Huerta  
Communities for a Better Environment

ALSO PRESENT

Katherine S. Poole, Attorney  
Adams, Broadwell, Joseph & Cardozo  
651 Gateway Boulevard, Suite 900  
South San Francisco, CA 94080  
representing California Unions for Reliable  
Energy (CURE)

Hector de la Torre, Mayor  
William DeWitt, Vice Mayor  
City of South Gate

Oliver Mujica, Economic Development Manager  
Ruben Lopez, Director of Community Development  
Steve Lefever, Assistant Director of Community  
Development  
City of South Gate  
Community Development Department  
8650 California Avenue  
South Gate, CA 90280-3075

Mark Tettermer, Recycled Water Project Manager  
Central Basin Municipal Water District  
17140 S. Avalon Boulevard, Suite 210  
Carson, CA 90746-1296

C.S. Bhatt  
South Coast Air Quality Management District

ALSO PRESENT

Jose Sigala, District Director  
Marco A. Firebaugh, Member of the Assembly,  
50th District, California Legislature  
State Capitol, Sacramento, CA 95814  
7501 Atlantic Boulevard, Suite D  
Cudahy, CA 90201

Mark Sellheim  
Edward W. Lee, Assistant City Attorney  
Kevin Thomas, RBF Consulting  
City of Downey

Timothy E. Whyte, Public Involvement Services  
URS Corporation  
2020 East First Street, Suite 400  
Santa Ana, CA 92705

Thomas Mullin, Director  
Quality Assurance and Regulatory Affairs  
Micro Motors, Inc.  
A Pro-Dex Company  
151 E. Columbine Avenue  
Santa Ana, CA 92707

Adoracion Rodriguez  
Interpreter

Luis Cabrales  
California League of Conservation, Voters  
Education Fund

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

## I N D E X

	Page
Proceedings	1
Opening Remarks	1
Introductions	1,2
Public Adviser	10
Overview	7
Project Presentation - Applicant	16
Public Comment/Questions	55
T. Mullin, MicroMotors, Inc.	55
A. Huerta, Communities for a Better Environment	59
Site Visit	64
Evening Session	65
Opening Remarks	65
Introductions	65
Public Adviser	67
Siting Process Presentation - CEC Staff	67
Public Comment/Questions	77
Issue Identification Report - CEC Staff	81
Schedule	95
CEC Staff	95
Applicant	97
Intervenor Communities for a Better Environment	99
Comments	103
Intervenors	103
C. Porras, Communities for a Better Environment	104

## I N D E X

	Page
Comments - continued	
Public	115
Closing Remarks	155
Adjournment	156
Certificate of Reporter	157

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

## 1 P R O C E E D I N G S

2 3:13 p.m.

3 PRESIDING MEMBER PERNELL: Good  
4 afternoon. This is an informational hearing  
5 conducted by the Committee of the California  
6 Energy Commission on the proposed Nueva Azalea  
7 Power Plant.

8 The Energy Commission has assigned to  
9 the Committee two Commissioners to conduct these  
10 proceedings. Before we begin I'd like to  
11 introduce the Committee.

12 My name is Robert Pernell, I'm the  
13 Presiding Member. To my left is Commissioner  
14 Michal Moore, who is the Associate Member. To my  
15 immediate left is Susan Gefter, the Hearing  
16 Officer. And to my right is my Advisor, Ellie  
17 Townsend-Smith.

18 Sunlaw Energy Corporation filed an  
19 application with the Energy Commission to obtain a  
20 license to build and operate the Nueva Azalea  
21 Power Plant, a proposed power plant facility near  
22 the City of South Gate.

23 The purpose of today's hearing is to  
24 provide information about the proposed power  
25 plant, and to describe the Commission's licensing

1 process in reviewing the application.

2 At this time I'd like to introduce the  
3 representatives of the applicant, staff,  
4 intervenors and agencies, and members of the  
5 public. And then we'll have our Public Adviser  
6 Roberta Mendonca explain the public process.

7 Would the applicant please introduce  
8 themselves and their representatives.

9 MR. EPSTEIN: Thank you. I'm Barry  
10 Epstein; I'm counsel for Sunlaw in this  
11 proceeding. And thank you, Commissioners, thank  
12 you to the public and staff and CBE for joining us  
13 here tonight.

14 To my immediate left is Wayne Gould, who  
15 is the President of Sunlaw. Next to Wayne is Tim  
16 Smith, who is the Project Manager for the Nueva  
17 Azalea Power Plant project. And to Tim's left is  
18 Chuck Lambert, who is a Board-certified  
19 toxicologist. And the three of them will be  
20 primarily responsible for putting on the  
21 presentation, along with myself.

22 PRESIDING MEMBER PERNELL: Thank you.  
23 Staff.

24 MR. REEDE: Good afternoon, ladies and  
25 gentlemen, my name is James Reede, and I'm the



1 Energy Facility Siting Project Manager for the  
2 California Energy Commission.

3 MR. OGATA: Good afternoon, my name is  
4 Jeff Ogata, and I'm the Staff Attorney for the  
5 Energy Commission.

6 PRESIDING MEMBER PERNELL: Thank you.  
7 The intervenor, Communities for a Better  
8 Environment.

9 MS. SIMON: Thank you, Commissioner  
10 Pernell. My name is Anne Simon; I'm the Senior  
11 Attorney with Communities for a Better  
12 Environment, which is a statewide organization  
13 with offices in Huntington Park and in Oakland.  
14 To my left.

15 MR. FAZELI: Bahram Fazeli, Staff  
16 Scientist.

17 MS. SIMON: And to my right.

18 MR. ROSTOV: William Rostov, Staff  
19 Attorney.

20 PRESIDING MEMBER PERNELL: Thank you.  
21 Public agencies. Are there any representatives  
22 from the City of South Gate?

23 MR. MUJICA: Good afternoon, my name is  
24 Oliver Mujica. I'm the Project Manager on behalf  
25 of the City. And also in attendance is

1 Steve Lefever, Assistant Community Development  
2 Director, and Ruben Lopez, Director of Community  
3 Development.

4 PRESIDING MEMBER PERNELL: Would you  
5 please give your business card to the court  
6 reporter before the evening is over so that she  
7 can document your agency and names.

8 MR. DeWITT: Also representing the City  
9 of South Gate, Bill DeWitt, Vice Mayor.

10 PRESIDING MEMBER PERNELL: Okay. Anyone  
11 from South Coast Air Quality District? Please  
12 step forward and identify yourself and the agency  
13 you represent.

14 MR. BHATT: My name is C.S. Bhatt. I'm  
15 from South Coast AQMD. Thank you.

16 PRESIDING MEMBER PERNELL: Thank you.  
17 The City of Downey?

18 MR. SELLHEIM: My name is Mark Sellheim.  
19 I'm with the City of Downey. Also here we have Ed  
20 Lee, who is the Assistant City Attorney, and our  
21 counsel. Kevin Thomas, who's with the firm of  
22 Robert, Byrne, William, Frost and Associates.

23 PRESIDING MEMBER PERNELL: Thank you.  
24 Any other public agencies represented here? Okay,  
25 are there members of the public that wish to be

1        intervenors?

2                    MS. POOLE:    Kate Poole on behalf of the  
3        California Unions for Reliable Energy.    We do  
4        intend to intervene.

5                    MR. SIGALA:    Good afternoon, my name is  
6        Jose Sigala, and I'm the District Director for  
7        State Assemblyman Firebaugh.    Just wanted to  
8        introduce myself.    Thank you.

9                    PRESIDING MEMBER PERNELL:    Thank you.  
10       We also have a Spanish interpreter, so if anyone  
11       needs interpretation would you please raise your  
12       hand?    Would you come and introduce yourself for  
13       the record, please?

14                   MS. RODRIGUEZ:    My name is Adoracion  
15       Rodriguez, interpreter for Spanish.

16                   PRESIDING MEMBER PERNELL:    And would you  
17       also repeat that in Spanish?

18                   MS. RODRIGUEZ:    (Complying.)

19                   PRESIDING MEMBER PERNELL:    Thank you.  
20       Any other members of the public?    And we have our  
21       Public Adviser.

22                   MS. MENDONCA:    Good afternoon.    My name  
23       is Roberta Mendonca and I am the Energy Commission  
24       Public Adviser.

25                   A lot of you have had an opportunity to

1 say hi and introduce myself, and have a brief  
2 moment or two to explain what the Public Adviser  
3 is. Because admittedly it's not somebody that you  
4 often see coming from state government saying I'm  
5 here to help you understand what's going to take  
6 place.

7 But, actually that's what's going to  
8 happen today. The Public Adviser is neither a  
9 member of the staff nor one of the decision-  
10 makers, either, of the Commissioners. And so I  
11 can't help you understand their thinking or their  
12 process of thinking, but I can help you with the  
13 process of getting your thoughts to them.

14 So the Public Adviser is here --

15 PRESIDING MEMBER PERNELL: Excuse me,  
16 Roberta. There is a place on the agenda for you  
17 to explain. I just want to get all of the  
18 introductions.

19 MS. MENDONCA: Oh, my goodness, sorry.  
20 Thanks.

21 PRESIDING MEMBER PERNELL: Okay. As I  
22 said, later in the hearing the Public Adviser will  
23 explain how the public can obtain information  
24 about the project and how to participate and offer  
25 comments during this review process.

1           The Public Adviser will also tell you  
2           how to intervene as a formal party to present  
3           evidence and cross-examine witnesses.

4           We have scheduled a site visit to  
5           observe the location where the project will be  
6           built. In order to view the site during daylight  
7           hours we will adjourn the hearing at approximately  
8           4:30 p.m. and meet outside with the applicant, who  
9           will give us a tour. The transportation will be  
10          provided by the applicant.

11          After the site visit we will return to  
12          this venue to reconvene the hearing at  
13          approximately 6:00 p.m.

14          At this time I'd like to turn the  
15          hearing over to the Hearing Officer Susan Gefter,  
16          who will conduct the hearing. Susan.

17          HEARING OFFICER GEFTER: Before we begin  
18          and allow Sunlaw to give a presentation about the  
19          project, I want to give you some background as to  
20          why we're here today.

21          On March 8th of this year EM-One Power  
22          Station, which is a limited liability company  
23          owned by Sunlaw, filed an application for  
24          certification for the Nueva Azalea Power Plant  
25          project which is a 550 megawatt natural gas fired

1 power plant that is proposed for construction in  
2 the City of South Gate in Los Angeles County.

3 As proposed, the Nueva Azalea Power  
4 Plant project would be located on a 13.5 acre site  
5 in the City of South Gate at the eastern edge of  
6 the city limits.

7 The purpose of today's hearing is to  
8 provide information about the proposed power  
9 plant, and to describe the Commission's licensing  
10 process in reviewing the application.

11 A notice of this hearing was mailed out  
12 on September 6th to all parties, adjoining  
13 landowners, property owners, interested  
14 governmental agencies and other individuals who  
15 expressed an interest in this project.

16 In addition, the notice of the hearing  
17 was published in The South Gate Press in a Spanish  
18 insert; in The Lynwood Press on September 28th;  
19 and in The Downey Eagle on September 29th.

20 Today's hearing is the first in a series  
21 of formal Committee events that will extend over  
22 one year. Commissioners conducting this  
23 proceeding will eventually issue a proposed  
24 decision that contains recommendations on the  
25 proposed project.

1           It is important to emphasize that the  
2       Committee's proposed decision must, by law, be  
3       based solely on the evidence contained in the  
4       public record.

5           To insure that this happens and to  
6       preserve the integrity of the Commission's  
7       licensing process, the Commission's regulations  
8       and the California Administrative Procedure Act  
9       expressly prohibit private contacts between the  
10      parties and the Committee members.

11          This prohibition against off-the-record  
12      communications between the parties and the  
13      Committee is known as the ex parte rule. This  
14      means that all contacts between the parties and  
15      the Committee regarding a substantive matter must  
16      occur in the context of a public discussion as  
17      today's event, or in the form of written  
18      communication that is distributed to all the  
19      parties.

20          The purpose of the ex parte rule is to  
21      provide full disclosure to all participants of any  
22      information that may be used as a basis for the  
23      future decision on this project.

24          Additional opportunities for the parties  
25      and governmental agencies to discuss substantive

1 issues with the public will occur in public  
2 workshops that will be held by the staff at  
3 locations here at South Gate and in the immediate  
4 areas surrounding the site.

5 Information regarding other  
6 communications between the parties and  
7 governmental agencies will be contained in written  
8 reports or letters that summarize these  
9 communications.

10 These written reports and letters are  
11 distributed to the parties and are made available  
12 to the public. Information regarding hearing  
13 dates and other events and the reports or letters  
14 in this proceeding will be available on the  
15 Commission's website. and the staff will give you  
16 that website address later today.

17 Now we do want to turn to Roberta  
18 Mendonca for her report to you to explain to you  
19 how she can help you participate in this process.  
20 Roberta.

21 MS. MENDONCA: Thank you. To pick up  
22 where I left off I forgot to do one very important  
23 thing. I'm joined today by the Associate Public  
24 Adviser Priscilla Ross who has been in the back of  
25 the room working the table when you first came in.



1                   So, Priscilla. Both Priscilla and I are  
2           there in Sacramento to again be available to you  
3           as a resource to understand the process that Ms.  
4           Gefter has just begun to outline.

5                   It's very important that you sign in.  
6           If you got our notice today by mail you are  
7           already on our mail notice. But we do  
8           occasionally find that there are people that come  
9           to our meetings that did not get on our mail  
10          notice, but found out about our meetings through  
11          newspaper or friends. It's real important that  
12          you get your name on our mailing list so that you  
13          get notice through the mail the next time.

14                  And in addition you can, if you have a  
15          computer and have access to the computer, you can  
16          sign up for automated mail notice of our meetings.

17                  There's lots of ways to participate in  
18          the Energy Commission process. One of the ways,  
19          you're here today, obviously you've figured out  
20          one of them, coming to an informational hearing.

21                  As will become apparent, the  
22          informational hearings are structured and formal.  
23          The meeting is transcribed and your public  
24          comments, we ask that you fill out a blue card and  
25          I'll come and collect them, so that we can have an

1 orderly discussion and hear from you in an orderly  
2 fashion.

3 Also a part of the Energy Commission  
4 analysis will be less formal workshops put on by  
5 the Energy Commission Staff. Again, those are  
6 publicly noticed workshops. You have an  
7 opportunity to come and listen in to the  
8 discussion and the give-and-take going back and  
9 forth between the applicant and the staff as they  
10 are preparing their analysis of the project.

11 You can always send in written comments.  
12 Written comments go to what's called the docket.  
13 And I like to kind of explain the docket like a  
14 big file drawer. The docket has a number, an  
15 identifying number on it, and each case for the  
16 Energy Commission has its own special docket.

17 So, we will help you, the Public  
18 Adviser's office will help you get the right  
19 docket number and help you get your information  
20 into the docket.

21 You've already heard the term  
22 intervenor. And there is a public process for  
23 those of you who decided that in addition to  
24 attending our hearings and conferences, and in  
25 addition to attending workshops and making public

1 comment, you want to formally participate.

2 It requires certain responsibilities.

3 To actually intervene it's a process by filing a  
4 petition and requesting permission to intervene  
5 you assume the responsibilities of all the  
6 parties. You must be willing to participate in  
7 the serving of documents, to participate in the  
8 filing of reports.

9 Some of the benefits of intervening is  
10 that when it comes to the formal evidentiary  
11 hearing you will have an opportunity to cross-  
12 examine witnesses and to enter formal briefs.

13 So, again, the Public Adviser is a  
14 service. We are here to help you; we are here to  
15 help you understand our process. I've left a one-  
16 page -- you're going to get a lot of information  
17 today. There's a simple one-page timeline on the  
18 back table, and a simple one-page analysis  
19 description of the project.

20 On the bottom of that page is my 800  
21 number. You can reach me toll free. If not, you  
22 can call me and leave a message and we'll get back  
23 to you.

24 I look forward to working with and  
25 meeting all of you. Thank you.

1                   HEARING OFFICER GEFTER: Thank you,  
2           Roberta. Also wanted to again indicate that there  
3           is a Spanish interpreter present. And if anybody  
4           needs her services, please see Roberta, or go up  
5           to the front and speak to the interpreter.

6                   Also, I wanted to ask Commissioner Moore  
7           if he had any comments before we begin.

8                   COMMISSIONER MOORE: I'd say a welcome  
9           from the rest of the members of the Commission. I  
10          serve as Second Member on this Committee and back-  
11          up to Commissioner Pernell. We've done a number  
12          of these cases so far. We want to assure you that  
13          our responsibility as public servants is to take  
14          your opinions and your concerns very seriously and  
15          to incorporate them into all of our thinking. And  
16          finally into the decision that we render.

17                   So, we'll be looking forward to working  
18          with you, although it is, as Ms. Gefter explained,  
19          at an arm's length, because we can't have any  
20          formal contact once these hearings have started  
21          unless it takes place in a public setting like  
22          this.

23                   So, I thank you for having us in your  
24          community, and we look forward to rendering a fair  
25          and impartial hearing through this process.

1                   HEARING OFFICER GEFTER: During the  
2                   course of today's hearing we will ask the parties  
3                   to make presentations. And we'll begin with the  
4                   applicant, Sunlaw, asking them to describe the  
5                   project and explain the plans for developing the  
6                   project site.

7                   After that presentation we're going to  
8                   recess to the site visit that we referred to  
9                   earlier. And there will be buses outside for all  
10                  of us to go over to see the site.

11                  Then we will reconvene after we return  
12                  from the site visit, and Commission Staff will  
13                  provide an overview of the Commission's licensing  
14                  process. Then we'll discuss scheduling for the  
15                  remainder of the proceeding and the other matters  
16                  addressed in the staff's issue identification  
17                  report.

18                  The issue identification report is out  
19                  on the front table if people want to look at that.  
20                  And copies for everyone.

21                  Then later in the day we'll hear from  
22                  the intervenor who will have some comments.

23                  And then at the conclusion of all the  
24                  presentations we've set aside a half an hour for  
25                  public comment before we adjourn this evening at

1 8:00 p.m.

2 Before we ask the applicant to begin I  
3 want to ask the parties if there are any questions  
4 about today's proceeding, and also if there's any  
5 questions from the public just regarding what  
6 we're going to do today?

7 All right, let's begin with the  
8 applicant's presentation describing the project.

9 Thank you.

10 MR. EPSTEIN: Let me again introduce  
11 myself especially for the people who have come in  
12 recently. I'm Barry Epstein, counsel for Sunlaw.  
13 And we're going to do a little bit of a tag-team  
14 presentation in order to try to present as much  
15 information as possible in the time that's been  
16 allotted.

17 Certainly it's not possible for us to  
18 cover all the things that we'd like to be  
19 presenting in that timeframe, so we're going to  
20 give you some highlights.

21 The presentation is going to be  
22 accompanied by a slide show on the screen directly  
23 in front of the audience and directly behind the  
24 Commissioners. And for that reason we have copies  
25 of the slide show for those sitting up here. Or,

1       alternatively, if the Commissioners and others at  
2       the front table would like to just move to the  
3       front seats, that might even be better.

4               It's going to be hard for those in the  
5       front to see the slides unless you move out into  
6       the audience area.

7               It's also my understanding that there  
8       may be some time for questions at the end of our  
9       presentation and before the bus tour. And if  
10      that's the case, then --

11              PRESIDING MEMBER PERNELL: That's  
12      correct.

13              MR. EPSTEIN: -- we'll be prepared to do  
14      that at that time.

15              So, without anything further our  
16      presentation is going to be led off by Wayne  
17      Gould, the President of Sunlaw.

18              MR. GOULD: Thank you. Good afternoon.  
19      My name is Wayne Gould. I'm the President of  
20      Sunlaw Energy Corporation, the sponsor of the  
21      Nueva Azalea Power project.

22              I'm a second generation energy engineer.  
23      I basically grew up walking the turbine decks of  
24      the existing generation stations here within the  
25      Los Angeles Basin. After almost 20 years of

1 service with the Southern California Edison  
2 Company I feel qualified to address many of the  
3 energy issues which face California in general,  
4 and the L.A. Basin in particular.

5 Our project, which I am proud to be  
6 associated with, is the cleanest fossil fuel power  
7 plant ever proposed. And I am proud to have this  
8 opportunity to talk to you today about the  
9 project, itself.

10 We want to cover four topics today. In  
11 summary form these are the topics addressed in our  
12 application for certification. The topics are  
13 first, who we are, or who Sunlaw is. Second, why  
14 we pick the South Gate site. Third, what the  
15 project is in terms of equipment. And finally  
16 what the impacts are on the community.

17 Our speakers will be myself covering  
18 primarily who we are, how we selected the site,  
19 and some of the beneficial financial impacts we  
20 will have on the community.

21 Tim Smith, our Vice President of Power  
22 Development and the Project Manager for Nueva  
23 Azalea, will describe the facilities and some of  
24 the environmental impacts we may have on the  
25 community.



1                   Chuck Lambert, a Board-certified  
2           toxicologist, will discuss the air emissions  
3           health impacts and some safety issues.

4                   And finally, Barry Epstein, our  
5           attorney, will offer a few comments on our  
6           environmental justice analysis.

7                   Let me start with who we are. Sunlaw  
8           Energy Corporation was founded on the principle it  
9           is possible to build independent power projects  
10          that can compete efficiently and economically here  
11          in the L.A. Basin, and at the same time be  
12          environmentally responsible.

13                  We first put those thoughts into action  
14          some 15 years ago when we successfully constructed  
15          and began operation of two power plants in the  
16          City of Vernon, just north of us here today.

17                  We are a unique company with a unique  
18          set of values. Before profit we put three guiding  
19          principles, and they are:

20                  Number one: We will operate safely.

21                  Number two: We will operate in an  
22          environmentally responsible manner.

23                  And number three: We will be a good  
24          neighbor in the communities in which we operate.

25                  Since we began operation we have

1 developed a patented clean air technology called  
2 SCONOX to make our federal plant in Vernon the  
3 cleanest natural gas fired power plant in the  
4 world.

5 The proposed Nueva Azalea plant will  
6 both utilize and showcase this super clean  
7 technology which has been identified and  
8 recognized by the Environmental Protection Agency  
9 as being commercially available for gas fired  
10 turbines of all sizes.

11 We are very proud of our safety record.  
12 In the 15 years our Vernon plants have been in  
13 operation we have never had a lost day due to an  
14 accident. OSHA requires industry to track lost  
15 days, and in particular lost work day injuries.  
16 And to post their records prominently. Our  
17 employees have a spotless record on this, one that  
18 we are very proud of.

19 I also note that we have never had an  
20 accident that injured or harmed any of our  
21 neighbors or those that live or work around our  
22 surrounding facilities.

23 We are also proud of our community  
24 involvement. We sponsor Little League and youth  
25 soccer teams and fund other community groups.

1                   We are particularly proud of our  
2                   relationship with the Vernon Elementary School.  
3                   We have adopted this school, providing computers,  
4                   funding field trips, participating in career day,  
5                   and sponsoring an annual art contest.

6                   A number of winners of the contest each  
7                   year receive cash prizes. And one winner's  
8                   picture is duplicated on our wall as a  
9                   professionally painted mural.

10                  Now I'd like to discuss why we picked  
11                  this site in the Los Angeles Basin. California  
12                  needs more electrical power. The Commission is  
13                  well aware of the power supply crisis that we face  
14                  in our state.

15                  As Commission Chairman Keese recently  
16                  told the Congressional Committee in San Diego,  
17                  population and electricity demand have grown  
18                  substantially in California and the west.

19                  At the same time, because of the  
20                  uncertainty created by restructuring in the latter  
21                  part of the 1990s, few power plants were  
22                  constructed in California. In fact, as you can  
23                  see from this slide, only one major power plant  
24                  has been built in L.A. or Orange County in the  
25                  last 20 years.

1                   To be sure, a number of small plants  
2           have been built, but not enough to meet past,  
3           present and future needs.

4                   With the exception of one 1980 plant,  
5           all the other major units were commissioned  
6           between 1948 and 1977. These old plants are much  
7           like old cars, they get bad gas mileage and they  
8           put out too much pollution.

9                   Their costs are high because they burn  
10          fuel inefficiently. And that is a cost that  
11          consumers inevitably pay in their bills.

12                  Likewise, their emissions are high  
13          because they were built before modern technologies  
14          like our patented SCONOX, and those are emissions  
15          that consumers inevitably breathe, as well.

16                  Our area needs new plants that can  
17          provide electricity that is cheaper and cleaner.  
18          Recent Energy Commission estimates are that the  
19          overall electrical demand will grow about 14  
20          percent over the next five years.

21                  This indicates that we will need about  
22          2000 or 3000 megawatts of additional capacity for  
23          the L.A. Basin to meet new demand. And this does  
24          not even consider the need to replace the outdated  
25          and inefficient existing power plants currently in

1 operation and serving the needs of the L.A. Basin.

2 We, at Sunlaw, believe that the new  
3 plants cannot all be built outside the Los Angeles  
4 Basin. As this map shows, there are a limited  
5 number of transmission lines that can bring in  
6 power from outside the L.A. area.

7 The existing power input capability for  
8 southern California, as a whole, which also  
9 includes San Diego, is about 13,000 megawatts  
10 versus the peak demand for the area of about  
11 28,000 megawatts.

12 This past summer proved that the total  
13 capacity of both imports and local generation fell  
14 far short of the demand in peak hours.

15 If, as we have suggested, the L.A. Basin  
16 needs 2000 to 3000 megawatts of new power plus  
17 many more thousands of megawatts to replace the  
18 old, outdated plants, it is clear that existing  
19 transmission lines cannot allow us to solve our  
20 problems by simply importing the power that we  
21 need. This cannot be done.

22 Even supplying the new power demand from  
23 outside the area would require a major expansion  
24 of power line corridors that is probably not  
25 practical.

1                   This leads me to a more specific aspect  
2                   of site selection, which is how we picked the  
3                   South Gate site.

4                   There are several reasons why we want to  
5                   build the Nueva Azalea plant in South Gate.  
6                   First, as you can see on this map, the site is at  
7                   an intersection of major power lines that deliver  
8                   electricity in the L.A. area. This location will  
9                   allow the plant to supply electricity into the  
10                  transmission systems of the Southern California  
11                  Edison Company and potentially the Los Angeles  
12                  Department of Water and Power.

13                  Second, as you can see on this map, the  
14                  site has access to reclaimed water lines and  
15                  natural gas pipelines that are already built or  
16                  planned. By using reclaimed water for cooling,  
17                  Nueva Azalea will avoid using scarce drinking  
18                  water, an issue in other plant siting cases  
19                  recently presented before the Commission.

20                  The site allows us to use  
21                  environmentally friendly reclaimed water and clean  
22                  burning natural gas without having to build new  
23                  pipelines.

24                  Finally, the Nueva Azalea project fits  
25                  into the land use plan the City of South Gate has

1       for this area. The City has already zoned this  
2       site for industrial use.

3               As you probably know, Nueva Azalea would  
4       replace a truck terminal next to the 710 freeway.  
5       In the recent past this truck terminal has  
6       experienced approximately 250 daily diesel truck  
7       trips, clogging the highways and spewing forth a  
8       lot of emissions.

9               Other businesses in the area include a  
10       concrete crushing facility, a roofing factory, a  
11       garbage transfer station and other truck  
12       terminals.

13              We believe our proposed use fits in with  
14       the existing uses as shown on this slide. The  
15       site is surrounded by a triangle formed by  
16       transmission line corridors. The transmission  
17       lines surrounding the site are supported by about  
18       30 towers, some of which are this type of double-  
19       wide variety. They range from 130 to 160 feet  
20       tall.

21              Other operations in the area include the  
22       roofing plant across Southern Avenue, which, as  
23       you can see here, has tankage and tall process  
24       equipment next to a large building. This is  
25       another truck facility down the street from the

1 site.

2 Other major industrial facilities in the  
3 vicinity include a steel mill and the ARCO  
4 Chemical Tank Farm. Tall structures include the  
5 South Gate Water Tower, a Target sign, and the  
6 City of South Gate sign, and billboards along the  
7 Long Beach freeway.

8 This leads me to the topic of describing  
9 our facilities. Nueva Azalea will be an electric  
10 power plant that provides enough electricity for  
11 500,000 homes. The plant will take about a year  
12 and a half to build and will cost over \$300  
13 million.

14 First I would like to show you a few  
15 different views of the project, both to give you a  
16 sense of how it will look, and to orient you for  
17 the next discussion of equipment and facilities.

18 This view is obviously an artist's  
19 rendition of what the plant will look like. It is  
20 a bird's eye view from the northwest looking down.

21 The next slide is a computer-drawn view  
22 from approximately the same vantage point as the  
23 painting I just showed you.

24 This view is from the west, looking  
25 across the 710 freeway. You see the stacks in the



1 front of the power island buildings, with the  
2 cooling towers to the right at the rear of the  
3 site.

4 This view is from the opposite side,  
5 looking from the east over Garfield Avenue. We  
6 see the administrative offices to the right, and  
7 the cooling towers to the left.

8 Now, with that orientation I'm going to  
9 turn our presentation over to Tim Smith. Tim is  
10 going to provide a little more detail on the  
11 equipment and the facilities of the project.

12 MR. SMITH: Thank you, Wayne. What I  
13 want to try to accomplish this afternoon is  
14 provide a little more detail mainly for the  
15 benefit of the community, as the Commissioners  
16 have gone through this a number of times.

17 And I want to first say the plant is  
18 using the best equipment available for the visual  
19 and environmental aspects of it. And I'll explain  
20 that in a little more detail as we go along.

21 What we are using is two combined cycle  
22 power islands. And that basically means that  
23 we're using two separate systems that are  
24 independent of each other.

25 And you can see one of those systems

1       here is basically the entire system that's  
2       independent, in the foreground.

3               Each of these power islands can produce  
4       approximately 275 megawatts of electricity or for  
5       a total of 550 megawatts. Each of these power  
6       islands will have a gas turbine as a part of the  
7       system. This is sometimes called a combustion  
8       turbine, as well.

9               Now, we have chosen the ADV KA-24 gas  
10       turbine in our plant. This engine is new on the  
11       market and we have many benefits to our plant  
12       design is why we have selected it.

13              One of these benefits is the fuel  
14       efficiency that it will provide. This is very  
15       important that the fuel efficiency for the gas  
16       turbine plant be noted, as the fuel efficiency is  
17       basically how much fuel it will take to produce a  
18       megawatt of electricity. And the lower amount of  
19       fuel that it takes the cheaper we can make the  
20       electricity. And therefore, we can provide a  
21       cheaper wholesale price to people like Southern  
22       California Edison that can offer it to the public.

23              Now, the gas turbine works by pulling in  
24       large amounts of air which it compresses and then  
25       heats by burning natural gas. These gas turbines

1 use what's called low dry NOx combustors as our  
2 first line of pollution control.

3 The turbines will not only run on  
4 natural gas, they can -- sorry, the turbines will  
5 only run on natural gas taken directly from the  
6 pipeline, and there will be no fuel stored on  
7 site. This greatly reduces the risk of fire and  
8 explosion.

9 Now, the hot air from the gas turbine is  
10 blown across a fan-like blade that turns the shaft  
11 and turns and produces electricity in the  
12 generator.

13 Each power island, again, will produce  
14 about 275 megawatts. The generator will be driven  
15 by a single shaft with a gas turbine on one side  
16 and a steam turbine on the other. The generator  
17 will be water cooled, which eliminates hydrogen  
18 cooling which sometimes is used in other plants,  
19 and is sometimes cause for explosion.

20 Now, what I've discussed so far is the  
21 simple cycle part of the plant. The second cycle,  
22 or the combined cycle part of the plant is  
23 accomplished by taking the high temperature  
24 exhaust stream and putting it into what's called a  
25 heat recovery steam generator.

1           This unit is simply a large amount of  
2     duct work with tubes with water in them. The  
3     exhaust heats up the water until it becomes steam,  
4     and the steam is put to work into a steam turbine.

5           The heat recovery steam generator will  
6     produce two different pressures of steam that will  
7     go into the steam turbine and be blown across  
8     additional fan blades that will turn the shaft,  
9     and again turn that generator from the other side.

10          After the steam is used and has  
11     performed its useful work, the steam and water  
12     vapor is cooled in a heat exchanger and turned  
13     back into water, and the water is pumped back into  
14     the heat recovery unit for use again.

15          Now, the two generators working on one  
16     shaft is one reason that the system produces high  
17     efficiencies; that it reduces the losses from the  
18     second generator that would occur.

19          Now, with the high efficiency we also  
20     believe that the clean burning power that we  
21     produce will displace older power in the basin,  
22     the power we mentioned earlier that was produced  
23     back in the '50s and '60s and it's very dirty. At  
24     present the older plants operate most of the year.

25          Now, as I just described, the gas

1 turbine/steam turbine and the generator will each  
2 be surrounded by sound-deadening enclosures. In  
3 addition, this illustration shows a cutaway of a  
4 typical plant that has further enclosure on the  
5 outside. As you can see up here, we basically  
6 have the inner closures -- it's kind of hard to  
7 make out -- the inner closures on the inside that  
8 produce basically sound attenuation for the  
9 operators that's inside the building. And then  
10 the outside building will produce additional sound  
11 attenuation.

12 Also the heat recovery generator duct  
13 work houses a pollution control device. The  
14 exhaust system will have a patented SCONOX  
15 emission control system that was developed in our  
16 Vernon site.

17 SCONOX uses platinum-based catalyst to  
18 reduce the emissions from nitrous oxides, carbon  
19 monoxide, volatile organic compounds including  
20 hazardous air pollutants like formaldehyde and  
21 benzenes, sulfur oxides, and particulates.

22 This revolutionary system control system  
23 will make the Nueva Azalea project the cleanest  
24 plant under review by the CEC to date, and much  
25 cleaner than the other plants operating in the

1 L.A. Basin today.

2 The exhaust stacks, themselves, will be  
3 enclosed in a metal mesh cylinders are part of our  
4 architectural design.

5 As I discussed earlier the steam turbine  
6 uses cooling water to turn the steam back into  
7 water. The cooling water comes from a ten-cell  
8 cooling tower. With this -- this will use  
9 recycled water as makeup water that is evaporated  
10 during the process. Particulate emissions from  
11 water evaporation in this system will be minimized  
12 by installing high efficiency drift eliminators,  
13 and a visual plume elimination will be -- sorry --  
14 and a visual plume will be minimized with the use  
15 of plume abatement system.

16 The electrical substation is located at  
17 the back of the property. The power generated by  
18 the plant will be sent by underground transmission  
19 lines to the substation where it will be stepped  
20 up and put into the Southern California Edison  
21 transmission lines.

22 The substation will actually be two  
23 parts, one owned by Nueva Azalea and the other  
24 part by Southern California Edison.

25 An overhead line will connect the

1       substation on the Nueva Azalea line to the  
2       Edison/Mesa/Redondo transmission line to the  
3       southeast. This overhead line will cross at  
4       Garfield Avenue and Rio Hondo Flood Channel into  
5       the Edison transmission line corridor. This line  
6       will not run through any residential areas.

7               The following, I want to point out where  
8       the bulk chemicals will be stored. These  
9       chemicals will consist of 7500 gallons of sulfuric  
10      acid and 7500-gallon tank of chlorine bleach.  
11      There will also be a small two-dozen gallon --  
12      excuse me.

13             The tanks will be enclosed in a walled  
14      or bermed area to insure that any spills will be  
15      contained within the tank area.

16             Now, I've put up a slide with all the  
17      chemicals that we'll have on site. There will  
18      also be some water chemicals such as polymers for  
19      water treatment and things in small quantities  
20      like paints and cleaners and oils and solvents  
21      that we'll have on site, as well.

22             This is a timeline of our current  
23      schedule. This shows that the California Energy  
24      Commission process should be completed by early  
25      August 2001.

1                   Construction will begin and continue  
2                   about through March 2002. And we'd like to have  
3                   the plant operational by the summer of 2003.

4                   I will now turn the presentation back  
5                   over to Wayne, who will address the potential  
6                   impacts to the surrounding community.

7                   MR. GOULD: Thanks, Tim. We recognize  
8                   that every large project raises concerns in the  
9                   local community about its impacts. And that is  
10                  the primary focus of the Energy Commission's  
11                  permitting process.

12                  One such issue which has received much  
13                  attention is our claim that our project will  
14                  actually clean the air. Our air monitoring data  
15                  and operational SCONOX experiences convinces us  
16                  that the overall emissions from our facility will  
17                  be cleaner than the ambient air at this location.

18                  This is, in part, due to the plant being  
19                  located next to a major freeway. And at a  
20                  location which has dirty air. Further, we are  
21                  displacing a major source of pollution. We  
22                  recognize that some people will discount our  
23                  experience and find the data that we have gathered  
24                  to be insufficient to fully support our bold  
25                  assertion.



1           Rather than engage in an endless debate  
2       as to whether our emissions are as clean or  
3       cleaner than the ambient air, we can simply state  
4       that the Nueva Azalea Power Plant will be the  
5       cleanest natural gas powered generating plant ever  
6       built, and that there will be no significant  
7       health impacts from this project.

8           Further, we offer to make our actual  
9       real time operating emissions data available to  
10      the public on our website, as well as reporting it  
11      to our regulating agencies.

12          Now, from an economic point of view, the  
13      Nueva Azalea project will bring a number of  
14      significant benefits to the community in which we  
15      operate.

16          First, it will bring well-paying jobs.  
17      We expect that as many as 450 union workers will  
18      be on the project during the year and a half it  
19      will take to build.

20          After the plant is built it will provide  
21      ongoing work for both our employees, and for the  
22      local businesses which will provide services  
23      ranging from engineering and equipment repair to  
24      painting.

25          We have reached agreements to insure

1       that all the project construction work, and all  
2       future maintenance work will be done with union  
3       labor. Likewise, we are also committed to having  
4       our plant operators be represented by the IBEW or  
5       International Brotherhood of Electrical Workers  
6       Union.

7               In addition, the Nueva Azalea project  
8       will make a large financial contribution to the  
9       City of South Gate. We will pay over \$3 million  
10      per year in property taxes alone to the City  
11      through the year 2014.

12             We will make other large payments  
13      through franchise fees, water fees and related  
14      taxes. This will be an enormous contribution to  
15      the City's income.

16             For example, the City's general fund  
17      budget for the past year was \$21 million, spending  
18      about 13 million on the police department, \$3.5  
19      million on parks and recreation, and other amounts  
20      as shown on this first chart. So you can see the  
21      \$3 to \$4 million from Nueva Azalea can make a real  
22      difference to the City of South Gate.

23             Following the Sunlaw tradition of  
24      community involvement, the Nueva Azalea project  
25      will also provide \$150,000 per year to fund local

1 community projects. The particular projects that  
2 are funded will be decided by a Committee  
3 including local citizens to be sure that the money  
4 is spent on projects that meet the needs and  
5 priorities of the people within the community, and  
6 not merely the pet projects of the Sunlaw Energy  
7 Corporation.

8 The project will bring a number of other  
9 benefits to the community. We are committed to  
10 building a new sound wall along the west side of  
11 the 710 or Long Beach freeway, to shield the  
12 residents of the Thunderbird Villa from freeway  
13 noise.

14 Replacement of the current trucking  
15 facility will take hundreds of trucks off local  
16 streets.

17 We commissioned an architectural design  
18 for the project that has won awards  
19 internationally. And we are working hard to be a  
20 good neighbor, bringing real benefits to the  
21 community.

22 At the same time we know that the  
23 community is concerned about air emissions,  
24 safety, health, noise and other issues. Chuck  
25 Lambert, who was introduced earlier, will address

1 many of these things right now.

2 DR. LAMBERT: Hi, my name's Chuck  
3 Lambert. I have a PhD in toxicology from  
4 University of California. I'm also Board-  
5 certified in toxicology. And I'm a principal at  
6 the company of McDaniel-Lambert. I'm also an  
7 Assistant Professor in the Department of Community  
8 and Environmental Medicine at UC Irvine.

9 I'm here to talk to you this afternoon  
10 about the work that has been done to look at the  
11 potential for off-site health impacts from the  
12 Nueva Azalea plant.

13 I must tell you that my conclusions from  
14 looking at all the data in the application package  
15 is that there will be no significant health  
16 impacts to any of the area communities.

17 Let me go through with you how I came to  
18 this very important conclusion. First of all,  
19 let's look at the chemicals that were evaluated in  
20 the permit application. There are basically three  
21 groups of chemicals that were looked at.

22 Some of these chemicals are used at the  
23 facility on a daily basis, and they're mostly  
24 water treatment chemicals.

25 There are also some other chemicals that

1 are produced as a result of the combustion of  
2 natural gas. And those we will refer to as air  
3 emissions.

4 And lastly there are certain chemicals  
5 and materials that are produced during any large  
6 construction activity, as will be happening during  
7 the construction of the plant, itself. These are  
8 short-term air emissions, and not really different  
9 from any other large scale construction activity.

10 So, first off, let's look at the  
11 chemicals that will be used at the facility on a  
12 daily basis. There's basically three main groups  
13 of chemicals.

14 There will be sulfuric acid that will be  
15 stored on site. Sodium hypochlorite, which is  
16 basically bleach. Some water treatment polymers.  
17 Some boiler treatment chemicals. And most of  
18 these chemicals will be kept in the tanks that Tim  
19 pointed out earlier on the facility diagram.

20 These chemicals, as you can imagine, are  
21 not something you would really want to come in  
22 direct contact with. They are caustic irritants.  
23 If you got them on your skin they would definitely  
24 cause irritation, if not skin damage.

25 But the important thing to note is that

1       they will be in bermed locations, and that even if  
2       all the materials were released at once on the  
3       facility site, they would be contained on the  
4       site. They would not get off site. All these  
5       chemicals have very low volatility, which means  
6       that they're not very likely to become airborne,  
7       so they're not very likely to get off site.

8               I think it's also interesting to point  
9       out that sodium hypochlorite and some of these  
10      other water treatment chemicals are chemicals that  
11      are beginning to be used more and more by local  
12      water treatment facilities to treat your drinking  
13      water. Many facilities are changing to sodium  
14      hypochlorite because it is, in fact, so safe to  
15      use and so easy to clean up should it be spilled.

16             There will also be some other chemicals  
17      that will be stored on the plant grounds. These  
18      will be things like paint and part cleaners, but  
19      they'll be in very very small, 10-gallon  
20      quantities or less.

21             But most important of all there will be  
22      no natural gas stored on the site. All the  
23      natural gas that will be used on the site will be  
24      from pipelines coming into the facility and will  
25      be used directly at the plant.

1                   There will be some trucks that will be  
2     delivering some of these chemicals up here,  
3     sulfuric acid, sodium hypochlorite, some of the  
4     water treatment chemicals. There will be  
5     basically one truck per chemical per month that  
6     will come into the facility.

7                   Now, in the very unlikely event that one  
8     of these trucks were to be involved in an accident  
9     on the way to the plant, this would probably cause  
10    some traffic to be backed up; probably would be a  
11    HAZMAT team that would come in and clean it up.  
12    Once again, these chemicals are very low  
13    volatility chemicals. They are chemicals that are  
14    easily cleaned up. They would not cause a great  
15    impact on the community were they to be involved  
16    in a truck accident.

17                  In fact, trucks that carry these  
18    chemicals move through the community every day.  
19    They move along 710 or on local streets. These  
20    are chemicals that are routinely used in water  
21    treatment facilities, for pool maintenance and  
22    other such water treatments.

23                  The bottomline here is there will be no  
24    trucks entering the facility that will carry  
25    chemicals that are likely to explode or become

1       airborne.

2               Okay, the next group of chemicals are  
3       those that might cause air emissions. And  
4       basically the applicant looked at these from two  
5       basic sources of information.

6               The first was they did some on-site  
7       computer modeling to look at where the emissions  
8       from the combustion of natural gas would go in the  
9       community. And also they looked at information  
10      from air emissions from their existing plants in  
11      Vernon which use the SCONOx technology.

12              In fact, in the permit application there  
13      is a whole section devoted to this air modeling.  
14      An air model called the industrial source complex  
15      model, which is recommended for use by both the  
16      United States Environmental Protection Agency and  
17      the South Coast Air Quality Management District  
18      was used for this modeling.

19              This model determines the maximum impact  
20      in the community from air emissions during routine  
21      operations.

22              The model uses many health protective  
23      assumptions. What this means is that data from  
24      the model truly represents a very worst case  
25      scenario that's not likely to happen during



1 routine operations.

2 Let's have a look at these modeling  
3 results. The first set of results that we're  
4 going to go over are for air emissions for what  
5 are known as the criteria air pollutants. These  
6 include nitrogen dioxide which you can see up  
7 here. And what we're looking at is the worst case  
8 concentrations during routine operations for a  
9 one-hour exposure situation.

10 The bar graph you can see on the far  
11 right, green, is what the Nueva Azalea plant would  
12 produce, the maximum impact concentration.

13 The bar in blue to the immediate left of  
14 that is the maximum allowed increase under air  
15 quality management district new source rules, as  
16 well as under USEPA rules, and that is 20 mcg/  
17 cubic meter. As you can see, the Nueva Azalea  
18 increase is but a small fraction of the allowed  
19 increase.

20 On the far left is actually the ambient  
21 air standard. This is as bad as the air is  
22 allowed to get. And it's 500 mcg/cubic meter. So  
23 you can see the Nueva Azalea increase, in  
24 comparison to either one of these standards, is  
25 very very small.

1           The next graph looks at carbon monoxide  
2           concentrations, also over a one-hour period. The  
3           graph that you can't even see, the bar graph on  
4           the far right, is the Nueva Azalea increase. And  
5           that's supposed to be in green, but it really  
6           doesn't even show up on this.

7           Next to it is the allowable increase  
8           under air quality management district rules, which  
9           is 1100 mcg/cubic meter, compared to 1.31 from  
10          Nueva Azalea. And next to that is the allowable  
11          ambient air quality standard, which is 23,000 mc/  
12          cubic meter. So not all these concentrations even  
13          fit on the same bar graph. But as you can see,  
14          the 1.31 from Nueva Azalea is very small.

15          Next are the respirable particulate  
16          concentrations. On the far right, once again, is  
17          the increase from Nueva Azalea from the modeled  
18          concentrations. It's 2.2. Air Quality Management  
19          District allowed increase next to it in blue,  
20          which 2.5. And then the ambient air quality  
21          standard concentration which is 50 mcg/cubic  
22          meter. As you can see, Nueva Azalea comes a  
23          little closer to the significant level for the Air  
24          Quality Management District, but it's still below  
25          it. And it's very much smaller than the ambient

1 air standard.

2 I should point out that a lot of  
3 scientists, myself included, think that  
4 particulate concentrations are very very  
5 important. Particulate levels in the L.A. Air  
6 Basin are thought to be related to a significant  
7 increase in asthma and other respiratory diseases.  
8 So the fact that Nueva Azalea will be below the  
9 significant increase is very very important.

10 Lastly I want to talk about basically  
11 sort of three different health effects caused by  
12 the same group of chemicals. I'm going to talk  
13 about the toxic air contaminants. And they can  
14 basically cause three different types of health  
15 effects.

16 Short-term effects, which are basically  
17 irritant health effects, which are usually caused  
18 by higher concentrations of these toxic air  
19 contaminants. These are things like respiratory  
20 irritation, eye, nose, throat irritation.

21 Then there's chronic health effects.  
22 These are caused by long-term exposure to very low  
23 concentrations of these toxic air contaminants.

24 And finally there's the risk from cancer  
25 from these toxic air contaminants.

1                   But let's first have a look at the acute  
2           health impacts. I should say first off that these  
3           toxic air contaminants usually include chemicals  
4           like formaldehyde, acetylaldehyde, benzene and  
5           acrolein.

6                   When the modeling was completed, the  
7           concentrations from the maximum exposed individual  
8           in the community were compared to safe levels,  
9           safe levels that are put out by the California  
10          EPA. And the acute health effects from Nueva  
11          Azalea are seen under the different bar graphs for  
12          acrolein, formaldehyde, propylene, xylene, and the  
13          project total is a total, the total acute health  
14          impact from Nueva Azalea, .01. The safe level is  
15          a hazard index of 1, 1.0. So you can see that the  
16          project total is an order of magnitude lower than  
17          the safe level. Very very very very much lower.  
18          There will be no acute health effects from the  
19          Nueva Azalea plant.

20                  Next the chronic health impacts were  
21          modeled, and once again, the green bars represent  
22          the impact from Nueva Azalea for these various  
23          chemicals. And this is quite an extensive  
24          chemical list that was looked at, as required by  
25          the Air Quality Management District and under

1 CAPCOA guidelines.

2 As you can see, the project total, once  
3 again .064. The safe level is 1.0, a hazard index  
4 of 1.0. Once again very very very much lower,  
5 order of magnitude lower than the safe level.  
6 There will be no chronic health effects from Nueva  
7 Azalea.

8 Lastly, the risk from cancer as a health  
9 effect was looked at. And as you can see, once  
10 again a very much larger number of chemicals were  
11 looked at. And once again the green bar  
12 represents Nueva Azalea. And we're looking at the  
13 cancer risk per million people exposed.

14 So if a million people were exposed to  
15 Nueva Azalea emissions for a lifetime this is the  
16 type of cancer risk you would see.

17 If you look at the very end, once again  
18 the project total is .1 excess cancers per million  
19 people exposed. The safe level, as determined by  
20 the USEPA and CalEPA, is somewhere between 1 and  
21 10 excess cancers per million people exposed.

22 The safe level, as determined by the Air  
23 Pollution Control District, as of last Friday, I  
24 believe, is 25 in a million. So as you can see,  
25 once again, the project total is an order of

1 magnitude lower than what USEPA says is beginning  
2 to get into the unsafe range, and almost 200-fold  
3 lower than what the Air Pollution Control District  
4 says is safe. So, once again, this is a very very  
5 low cancer risk.

6 For a facility this large I've never  
7 seen a cancer risk this small. In fact, I've seen  
8 larger cancer risks from emissions from a corner  
9 truck stop, or gas station.

10 There's also air emissions and emissions  
11 of other materials during construction activities.  
12 These include emissions from trucks, cranes and  
13 other construction equipment. They include dust  
14 emissions.

15 There will definitely be some emissions  
16 during construction activities, particularly of  
17 nitrogen dioxide and particulate matter that will  
18 be higher than they will be during routine  
19 emissions.

20 These emissions will be short term.  
21 Most of the major construction activity that will  
22 cause these emissions will occur over a 12-month  
23 time period. And there will be mitigation  
24 measures such as wetting down the dust and  
25 emission controls on some of the vehicles.

1                   Sunlaw is currently working with the  
2                   South Coast Air Quality Management District to  
3                   determine exactly what controls should be used  
4                   during construction, so there will be mitigation  
5                   controls during construction to control these  
6                   emissions.

7                   In closing let me say that there's no  
8                   gas fired power plant that has zero emissions.  
9                   There's just no such creature alive. But as you  
10                  can see from the model concentrations that we see  
11                  in these various bar graphs, the emissions from  
12                  the Nueva Azalea plant will not only meet, but  
13                  also greatly exceed, in most cases, the  
14                  regulations governing emissions from such a plant.

15                 The Nueva Azalea Power Plant will have  
16                 no significant health impact on any of the  
17                 surrounding communities.

18                 Thank you very much.

19                 MR. GOULD: I've got one more slide that  
20                 I'd like to cover, and then I'm going to turn it  
21                 over to Barry to talk about environmental justice  
22                 for just a minute.

23                 One issue we know that has been a  
24                 concern to local residents is noise. The CEC  
25                 Staff has decided, or determined, that noise is

1 not expected to be a significant problem. We  
2 certainly agree with that conclusion, but we  
3 wanted to take this opportunity to explain to  
4 their Committee and to the public why noise should  
5 not be a problem.

6 As this table shows, we had our  
7 engineering consultant go out and measure noise  
8 for several days, including some early morning  
9 hours on Saturday when the existing noise would be  
10 low, or at least you would expect it to be low.

11 They took measurements at five  
12 locations. The first column shows the average  
13 noise level over 24 hours at each point; the  
14 second column shows the average noise level during  
15 the quietest hour, early in the morning.

16 The next column shows the noise that  
17 would be allowed from Nueva Azalea under South  
18 Gate City ordinances. As you can see, the  
19 ordinance would allow an increase of no more than  
20 5 decibels.

21 The last column shows why no problem is  
22 expected. The projected noise levels at each  
23 point where we measured will be lower than  
24 existing levels.

25 With that, I will turn this over to



1 Barry to talk about some environmental justice  
2 issues.

3 MR. EPSTEIN: Thank you, Wayne. I'm  
4 going to briefly, and I underscore briefly,  
5 address environmental justice issues, especially  
6 since we just got the hook from the Hearing  
7 Officer that it's, because we got a late start we  
8 want to keep on schedule for the bus tour.

9 Like other topics that we covered today,  
10 environmental justice is not a topic that really  
11 can be discussed in just a couple of minutes. But  
12 I do have a couple of comments to make today.

13 Environmental justice is a relatively  
14 new area of inquiry for project permitting. It  
15 arises out of the historic injustices that have  
16 been committed on minority and low income  
17 populations from industrial facilities in the  
18 past.

19 The focus of environmental justice is  
20 the fair treatment of all people and opportunities  
21 for involvement of all people in the process.

22 This first slide shows the definition of  
23 environmental justice that is adopted by the  
24 United States Environmental Protection Agency.  
25 And you'll see both words, fair treatment, and

1 meaningful involvement in the first line.

2 The goal of fair treatment does not mean  
3 shifting risks among population groups. Rather  
4 the goal is to identify potential  
5 disproportionately high impacts and to find ways  
6 to mitigate them.

7 As you've heard in the earlier part of  
8 Sunlaw's presentation this afternoon, Sunlaw is a  
9 company whose defining principles are to insist on  
10 clean air. And Sunlaw is the leader, the leader  
11 in clean power generation.

12 For Nueva Azalea Sunlaw is committed to  
13 identifying and mitigating any significant impacts  
14 that are identified; and likewise, committed to  
15 addressing any community concerns. And for that  
16 reason Sunlaw welcomes the participation of  
17 organizations like Communities for a Better  
18 Environment, members of the local community, and  
19 members of the local community surrounding the  
20 Nueva Azalea project.

21 Sunlaw recognizes that there is a large  
22 Hispanic population and low income population in  
23 the communities surrounding the proposed project.  
24 In fact, Sunlaw recognized this in being the first  
25 applicant to address environmental justice in its

1 AFC, which is the application that's filed with  
2 the Commission to start the process.

3 And Sunlaw's AFC, I believe, is the  
4 first to acknowledge environmental justice, and to  
5 contain an introductory discussion of  
6 environmental justice issues.

7 Sunlaw also recognizes that the Nueva  
8 Azalea Power Plant site is in an urban area; that  
9 many people live in the vicinity of the project;  
10 and that there are sensitive receptors in this  
11 area, including children and the elderly.

12 I mention this because, if I could have  
13 the next slide, the South Coast Air Quality  
14 Management District has provided a slightly  
15 different definition of environmental justice.  
16 The definition is broader than EPA's because it  
17 specifically prohibits discrimination based on age  
18 and gender and geographic location. It's not just  
19 limited to race and socioeconomic status, as is  
20 EPA's.

21 Currently there is no law that tells the  
22 Energy Commission how it should do environmental  
23 justice analysis or address environmental justice  
24 issues. The CEC does not have its own definition  
25 of environmental justice, although both Sunlaw and

1 CBE recently supported legislation that would have  
2 required the Energy Commission to specifically  
3 adopt such a definition. That legislation failed  
4 last month.

5 Also the Environmental Protection Agency  
6 has issued draft guidelines to help agencies like  
7 the Energy Commission go about addressing  
8 environmental justice issues. And we understand  
9 that CBE has some concerns with those guidelines,  
10 and also because the guidelines are not final.

11 My point is that it's going to take a  
12 collaboration, it's going to take a collaboration  
13 on the part of Sunlaw, CBE, the Commission Staff,  
14 members of the local community, the Air Quality  
15 Management District, all working together to come  
16 up with a methodology, because there is no  
17 determined way to proceed here.

18 Sunlaw is confident that this can happen  
19 if the parties all work together and share their  
20 views.

21 So, to conclude on environmental  
22 justice, and to conclude Sunlaw's presentation,  
23 Sunlaw takes these issues very seriously. They've  
24 thought about this. As I mentioned, they're the  
25 first applicant to acknowledge environmental

1 justice in their AFC.

2 They're committed to working  
3 collaboratively with the Commission Staff, with  
4 CBE, with the local community, and ultimately with  
5 the Commissioners to analyze these issues as part  
6 of the proceeding.

7 Thank you.

8 HEARING OFFICER GEFTER: Thank you. If  
9 we could have the lights back on it would be  
10 helpful.

11 We had scheduled on the agenda a few  
12 moments of questions before we left for the site  
13 visit. And if members of the public have specific  
14 questions on the applicant's presentation that you  
15 think they can answer in a few minutes, we'd like  
16 you to come forward.

17 I did have a question from Mr. Thomas  
18 Mullin regarding pollutants, or how many pounds  
19 per year of pollutants will the plant emit. Is  
20 Mr. Mullin here, Mr. Thomas Mullin? Do you want  
21 to come forward and ask your question? Perhaps --  
22 we have a few minutes before we leave, you could  
23 ask the applicant.

24 MR. MULLIN: The data is probably  
25 included somewhere but I haven't seen it, so my

1 question was just -- and it goes back to this  
2 issue originally of will the plant actually clean  
3 the air.

4 How many pounds of pollutants will be  
5 emitted versus how many will be consumed through  
6 the intakes on an annual basis or --

7 MR. GOULD: You know, this is a great  
8 question. And if I could, let me back up for just  
9 a second and talk about our claim about cleaning  
10 the air.

11 If you were to take a tube and place a  
12 propeller-like fan in it so that it sucked in a  
13 lot of air, you would get the same air coming out  
14 the back of the tube that you had coming in the  
15 tube.

16 But if you impose upon that tube a gas  
17 turbine process such as we have, you would  
18 basically put a screen in the front to try to  
19 screen out the particulate before it got to the  
20 combustion area.

21 You'd have the combustion area that  
22 would have combustion emissions. And then on the  
23 outflow of the combustion area you would have our  
24 SCONox technology, which from the graphs that you  
25 saw earlier, scrubs things such as NOx and carbon

1       monoxide and some of the other things.

2               So we looked at it, and based upon the  
3       data that we have for our existing power plants,  
4       we determined basically what was going in and what  
5       was coming out.

6               It was on that determination that we  
7       found that actually the total amount coming in is  
8       the same as going out. Now, frankly, I think that  
9       we have that data in our shop. I don't have it  
10      here. And I'm not certain that you would see it  
11      in the AFC.

12              MR. MULLIN: Okay, well, that addresses  
13      the information and the claims I've seen address  
14      the concentrations --

15              MR. GOULD: Um-hum.

16              MR. MULLIN: -- of pollutants, not a  
17      mass of the actual pollutants. I mean you could  
18      take in a very small volume of highly  
19      concentrated, highly polluted air in one end, and  
20      pump out a very large volume of less polluted air  
21      on the same, and have them be equivalent or more  
22      pollution going out, even though the concentration  
23      would be much different.

24              So it has to do with -- do you  
25      understand my question?

1                   MR. GOULD: I do. And my answer is I  
2       don't have that data at my fingertips.

3                   MR. MULLIN: Okay. Will that data be  
4       presented through the application process somehow?

5                   MR. GOULD: If necessary, yes. Um-hum.  
6       And as Tim says, it's part of the data requests,  
7       so the answer is yes, it will be.

8                   MR. MULLIN: Okay.

9                   HEARING OFFICER GEFTER: Mr. Gould,  
10      perhaps once that data is compiled and your  
11      response is prepared, you can exchange addresses,  
12      and perhaps you can contact --

13                  MR. GOULD: If you'd like to give me  
14      your card at some point in time.

15                  MR. MULLIN: Sure.

16                  HEARING OFFICER GEFTER: That would also  
17      be public information once they respond with their  
18      data response. It will be in the Commission's  
19      docket, and it will be public.

20                  But if you're particularly concerned  
21      about that question, I would suggest that you --

22                  MR. MULLIN: I have a lot of questions,  
23      I was just --

24                  MR. GOULD: Are you on the service list?

25                  MR. MULLIN: Yes.



1                   MR. GOULD: Okay, then you will  
2                   certainly receive the information.

3                   MR. MULLIN: Okay. Thank you.

4                   MR. GOULD: My pleasure.

5                   HEARING OFFICER GEFTER: Is there any  
6                   other question -- we'll take one more question,  
7                   and then we'll go on the site visit.

8                   MR. HUERTA: Yes, my name is Alvaro  
9                   Huerta from Communities for a Better Environment.

10                  A few years ago the Getty Museum moved  
11                  from Malibu to Brentwood, and then the small  
12                  Getty, the house that was there they wanted to  
13                  expand, but the residents didn't allow them to  
14                  expand.

15                  If you were to propose a Nueva Azalea,  
16                  or whatever you want to call it, project in  
17                  Malibu, Pacific Palisades, do you think that you  
18                  would be able to get that approved?

19                  MR. GOULD: You know, I couldn't say.

20                  MR. HUERTA: I think the answer is  
21                  evident, you know. To me it's amazing, from a  
22                  personal perspective, that given the fact that  
23                  we're talking about environmental justice and  
24                  we're talking about an area that in 1990 the City  
25                  of South Gate stated that the medium income is

1       \$29,000; 84 percent of the population is Latino,  
2       which is why I make fun of the name, because if 84  
3       percent of the population was Chinese you'd  
4       probably name it, you know, something Chinese, you  
5       know.

6               But the fact of the matter is that it's  
7       amazing to me that these -- when you're talking  
8       about a city that has so many problems already  
9       with pollution that you would add something,  
10      something that contributes to the pollution. And  
11      you make it seem like you're getting a piece of  
12      the rainforest and bringing it over here to  
13      improve the air.

14             So you need to look at it in that sense  
15      regarding environmental justice. Would the people  
16      from Pacific Palisades be acceptable with a  
17      project like this? And why do you always go where  
18      the working poor and hard-working people that are  
19      also middle class here, and there's a lot of  
20      minorities, why do you always try to bring these  
21      projects, provide these nice presentations, you  
22      know, and feel that people are just going to eat  
23      it up and, yeah, let's go ahead, you know, it's  
24      going to clean the air and it's going to look  
25      pretty.

1                   It's Spanish, you know, maybe they'll  
2           have Vincente Fernandez come and speak, you know,  
3           give a presentation before you open it.

4                   So, I mean you have to -- I know I'm  
5           kind of like just saying these things, but it's  
6           just it bothers me and I'm really frustrated  
7           sitting here listening to the presentation, when  
8           in fact, you know, the only reason that you're  
9           doing it here is because you can get away with it.  
10          And the fact of the matter is that you're not  
11          going to fill up these rooms with 100 people like  
12          they would come in Brentwood and Beverly Hills.

13                  So, you guys need to think about those  
14          things.

15                  MR. GOULD: Well, if I may, sir --

16                  (Applause.)

17                  MR. GOULD: -- we did not come here  
18          because we thought we could get away with it. We  
19          thought --

20                  MR. HUERTA: No, no, no, the fact -- I  
21          understand about the presentation, but building,  
22          proposing even the idea of a power plant in a  
23          congested area, to begin with.

24                  MR. GOULD: Well, thank you.

25                  PRESIDING MEMBER PERNELL: Okay, is

1       there anyone else? Come forward, please.

2               And if you have a specific question,  
3       that's what we're trying to get to, questions.

4               MR. CABRALES: Yes, my name is Luis  
5       Cabrales. I live at 9606 South Alameda Street,  
6       South Gate. I live in South Gate. And I also  
7       represent the California League of Conservation  
8       Voters Education Fund.

9               My question is although you mentioned  
10       that there's going to be a lot of money for the  
11       City of South Gate, how are cities like Bell  
12       Gardens, Cudahy, Downey going to benefit from the  
13       plant, other than maybe electricity at a higher  
14       rate than we are already paying?

15              Because our electricity rate is not  
16       going to go down, as, you know, a lot of people  
17       mentioned. It's going to go up again and again  
18       and again.

19              So how is everybody else who does not  
20       live in South Gate, but is going to be breathing  
21       the polluted air, going to benefit, other than  
22       maybe higher risk of cancer?

23              MR. GOULD: Well, you have to understand  
24       a couple of things. Number one is we demonstrated  
25       that there is not going to be a higher incidence

1 of cancer.

2 Number two -- and that is being  
3 evaluated by the CEC, and will allow --

4 MR. CABRALES: But you haven't really  
5 given the rate of pollution. Somebody else asked  
6 how is it, what's going to be the yearly rate of  
7 polluted air, you know, from the plant. But you  
8 didn't really give it.

9 So, in theory it looks really nice.  
10 Someone else already mentioned it's a really nice  
11 presentation. Congratulations, by the way, great  
12 presentation. I almost believed what you were  
13 saying.

14 But the matter of fact is that you  
15 haven't really given the facts, the numbers of  
16 how, you know, what is going to be the rate of  
17 pollution.

18 MR. GOULD: Well, as I indicated, the  
19 exact numbers that they would like to see are  
20 going to be forthcoming.

21 Second of all, is that which we've  
22 stated today we are submitting to the Commission  
23 as the truth. And we will allow them to be the  
24 judge, and also invite you to participate in the  
25 process just as you're doing now.

1                   MR. CABRALES: We will, and we will take  
2                   you accountable for what you're saying today.  
3                   Thank you very much. Thank you, everyone.

4                   MR. GOULD: And if I can continue, is we  
5                   have not indicated --

6                   (Applause.)

7                   PRESIDING MEMBER PERNELL: Okay, please,  
8                   if we would -- if you could hold your applause, we  
9                   just want to get questions and answers out. And  
10                  then we're going to recess for the site visit.  
11                  And reconvene with staff presentation and other  
12                  questions.

13                  Does anyone have just a question?  
14                  Seeing none, we'd like to recess this meeting and  
15                  go on the site visit. And then we'll reconvene  
16                  after the site visit.

17                  Thank you.

18                  (Whereupon, at 4:35 p.m., the hearing  
19                  was adjourned, to reconvene subsequent  
20                  to the site visit, this same day.)

21                               --o0o--

22

23

24

25

1 EVENING SESSION

2 6:13 p.m.

3 PRESIDING MEMBER PERNELL: The  
4 informational hearing is reconvened and we are now  
5 back on the record.

6 For members of the public who were not  
7 here earlier when we began the hearing, prior to  
8 the site visit, we will take introductions again.  
9 The Committee. Just introduction of the staff.

10 MR. REEDE: Oh, introduction of staff.  
11 My name is James Reede; I'm the Energy Facility  
12 Siting Project Manager for the California Energy  
13 Commission. And soon to return from the tour is  
14 Jeff Ogata, Senior Staff Counsel.

15 PRESIDING MEMBER PERNELL: And now the  
16 applicant, would you re-introduce yourselves.

17 MR. EPSTEIN: I'm Barry Epstein, counsel  
18 for Sunlaw. And to my immediate left is Wayne  
19 Gould, the Chairman of Sunlaw. To his left is Tim  
20 Smith, the Project Manager for the Nueva Azalea  
21 Project for Sunlaw. And then Chuck Lambert who is  
22 a toxicologist assisting us in some of the review  
23 of the project.

24 PRESIDING MEMBER PERNELL: The Committee  
25 is made up of two Commissioners from the Energy

1 Commission, myself, I'm Commissioner Robert  
2 Pernell, the Presiding Member; and to my left, far  
3 left is Commissioner Michal Moore.

4 Will the intervenors now introduce  
5 themselves.

6 MR. ROSTOV: My name is William Rostov  
7 and I'm a Staff Attorney for Communities for a  
8 Better Environment. And with us is --

9 MS. SIMON: Anne Simon, Senior Attorney  
10 for Communities for a Better Environment, late off  
11 the bus.

12 MR. PORRAS: Carlos Porras, Executive  
13 Director of Communities for a Better Environment.

14 PRESIDING MEMBER PERNELL: And now the  
15 agencies. Again, we are re-introducing ourselves  
16 for the public who weren't here earlier.

17 MR. MUJICA: Good evening, I'm Oliver  
18 Mujica, the Project Manager for the City of South  
19 Gate. Along with me is Ruben Lopez, Director of  
20 Community Development, and William DeWitt, the  
21 Vice Mayor, the City Council. Thank you.

22 PRESIDING MEMBER PERNELL: Thank you.

23 MR. SELLHEIM: My name is Mark Sellheim;  
24 I'm with the City of Downey. In addition we had  
25 Ed Lee here; he's the Assistant City Attorney.



1                   PRESIDING MEMBER PERNELL: Thank you.

2                   MR. BHATT: My name is C.S. Bhatt; I'm  
3 from South Coast AQMD.

4                   PRESIDING MEMBER PERNELL: Thank you.  
5 Members of the public.

6                   MR. TETTEMER: I didn't get a chance to  
7 introduce myself earlier; I'm Mark Tettemer from  
8 Central Basin Municipal Water District, providing  
9 the recycled water to the City.

10                  PRESIDING MEMBER PERNELL: Okay, could  
11 you give your card to the recorder, please.

12                  And we have the Public Adviser.

13                  MS. MENDONCA: Hello, my name is Roberta  
14 Mendonca and I'm the Public Adviser at the Energy  
15 Commission. Good evening.

16                  PRESIDING MEMBER PERNELL: Okay, at this  
17 time we'll hear from staff their presentation, Mr.  
18 Reede.

19                  MR. REEDE: Good evening, ladies and  
20 gentlemen. My name is James Reede, and I'm the  
21 Energy Facility Siting Project Manager for the  
22 California Energy Commission.

23                  Before I start my remarks I would like  
24 to have everyone note that there are two cards  
25 floating around, a blue one and a white one. To

1 get comments on the record to the California  
2 Energy Commission please use the blue card and  
3 provide it to the Public Adviser, who will give it  
4 to the Commissioners.

5 The white card is provided by the  
6 Friends of the Nueva Azalea Project. If you want  
7 your questions answered by Energy Commission Staff  
8 you must use the blue card, or white comment form  
9 that the Public Adviser is passing out. Thank  
10 you.

11 The purpose of the siting project of the  
12 California Energy Commission is to insure that a  
13 reliable supply of electrical energy is maintained  
14 at a level consistent with the need for such  
15 energy for protection of public health and safety,  
16 for the promotion of the general welfare, and for  
17 environmental quality protection.

18 In this AFC proceeding there are certain  
19 relationships. If you notice up at the top of the  
20 chart you have the five-member Commission, who are  
21 actually the decision makers. You have a two-  
22 member Project Siting Committee made up of the  
23 Chairman and Presiding Member, Mr. Robert Pernell,  
24 and Associate Member Dr. Michal C. Moore. You  
25 also have a Hearing Officer, Ms. Susan Gefter.

1                   Now, coming down into the fourth row you  
2           have Energy Commission Staff. We are considered  
3           an independent party. We represent the people of  
4           the State of California and are a neutral,  
5           unbiased party.

6                   Next, and on the same level with Energy  
7           Commission Staff, are local, federal and state  
8           agencies, the applicant, EM-One Power Station, and  
9           their Project Manager Tim Smith.

10                  Then to your right, my left, you have  
11           your intervenors, Communities for a Better  
12           Environment, and you, the public. And, of course,  
13           the Public Adviser, Roberta Mendonca.

14                  Now, the Energy Commission's siting  
15           process, we have the permitting authority for any  
16           thermal power plant 50 megawatts or greater, and  
17           the related facilities to include the transmission  
18           lines, water supply systems, natural gas  
19           pipelines, the waste disposal facilities and  
20           various access roads.

21                  And we do the coordination with the  
22           various federal, state and local agencies. We're  
23           considered the lead state agency for the  
24           California Environmental Quality Act guidelines.

25                  We are conducting what's considered a

1 CEQA, or California Environmental Quality Act  
2 equivalent process. We will perform a full review  
3 of the environmental impacts, and our analysis is  
4 subject to the principles of CEQA.

5 We will perform a review of compliance  
6 with all applicable regulations. We will perform  
7 a need assessment and engineering analysis, and  
8 hold public workshops and hearings.

9 Our CEQA documentation will include a  
10 preliminary staff assessment, a final staff  
11 assessment, the Presiding Member's Proposed  
12 Decision, and finally the Commission decision.

13 In the siting process we have a typical  
14 12-month timeline that starts actually with  
15 prefiling where we clarify the filing requirements  
16 to the applicant.

17 We then go into a data adequacy phase to  
18 determine if the application contains enough  
19 information to begin review.

20 Currently we're in the second stage, the  
21 discovery process, where we're having the  
22 informational hearing, the site visits. We've  
23 issued data requests, and our scoping meeting and  
24 various workshops.

25 And I'll talk about the other processes

1 through the next slides.

2 Now, this is an open public process.

3 We'll have a number of public workshops and  
4 hearings. It was explained by the Hearing Officer  
5 that there can be no communication between the  
6 parties and the Commission in an attempt to sway  
7 them in any particular way.

8 We will be mailing all notices 10 to 15  
9 days in advance. And I might add that when I get  
10 back to Sacramento I will be sending out a  
11 workshop notice for the first round of data  
12 response, which will be held October 18th from  
13 6:00 to 9:00 p.m. over in the girls' clubhouse.  
14 That's Wednesday, October 18th, from 6:00 to 9:00  
15 p.m.

16 We also have mailing lists which is why  
17 it's important to sign in on the sign-in sheets.  
18 If you want to be on a mailing list, please check  
19 off the box, or put your email address.

20 Where can you obtain the documents such  
21 as the application for certification? You can  
22 obtain them at both public libraries near here, in  
23 South Gate, and at the Downey Main Branch. You  
24 can also get them from the Energy Commission  
25 Library in Sacramento, at the Energy Commission

1 website, or at the Docket Unit of the Energy  
2 Commission.

3 Now, as far as local, state and federal  
4 coordination, we work very closely with a number  
5 of different agencies that includes the L.A.  
6 Department of Sanitation, Fire and Public Works;  
7 South Coast Air Quality Management District; the  
8 State Department of Fish and Game; Caltrans; the  
9 Air Resources Board; and the various Regional  
10 Water Quality Control Boards.

11 As far as federal agencies, we work with  
12 the Environmental Protection Agency, the Fish and  
13 Wildlife Service and the U.S. Forest Service.

14 Now, what I will be discussing later in  
15 the meeting today is the staff issues  
16 identification report. And the purpose of this  
17 report is to inform participants of potential  
18 issues, and give it an early focus, but it is not  
19 limiting. These are just the issues that we have  
20 identified which may be of great significance at  
21 this point in our analysis.

22 The criteria for these issues are that  
23 the impacts may be difficult to mitigate. There  
24 may be noncompliance problems and they're  
25 potentially contentious.

1           The areas that we have identified as  
2       potential issues at this point in time are air  
3       quality, alternatives, public health,  
4       socioeconomics, environmental justice, traffic and  
5       transportation, visual resources and water  
6       resources. And I'll be coming back to that slide  
7       when I do my issues report.

8           Now the first part of the application  
9       for certification process is data adequacy. The  
10      applicant submitted an application on March 8th of  
11      this year. The initial submission was determined  
12      to be inadequate.

13           They filed supplements on July 12th and  
14      31st and were found to be adequate based on the  
15      information requirements of our siting  
16      regulations.

17           At the business meeting on August 9th  
18      the Commission accepted the application for  
19      certification as complete, and it started the 12-  
20      month review process.

21           Now, we are in discovery. We initially  
22      held a staff information workshop because of the  
23      timing -- the process needs to progress in a  
24      certain manner, as required by law -- to inform  
25      the public about the review process. And that was

1 held in early September.

2 The second stage is Commission  
3 Information Hearing and Site Visit, which is  
4 occurring today. And this is your first formal  
5 opportunity for you to address the Committee.  
6 Public comment is encouraged.

7 Now, there will be staff workshops to  
8 gather information. Staff convenes informal  
9 workshops such as the data request workshop that  
10 was held September 20th, I believe. And we will  
11 be holding the data response workshop October  
12 18th, as I mentioned earlier. The public is  
13 welcome to participate by asking various  
14 questions, identifying issues that should be  
15 analyzed, and stating their concerns.

16 Now, these workshops are usually focused  
17 on a few technical areas, so the public doesn't  
18 need to attend all of the workshops, but you may  
19 select those that you feel most comfortable  
20 attending.

21 During our analysis process we will  
22 first issue a preliminary staff assessment. This  
23 will be staff's first document containing our  
24 complete analysis of the project. We will convene  
25 workshops to listen to the comments to our



1       analysis and take that information. This is  
2       another opportunity for the public to make  
3       suggestions or state concerns regarding our  
4       preliminary staff assessment.

5               After that approximately 60 days later  
6       we will incorporate any corrections, additional  
7       information or comments, and prepare a final staff  
8       assessment based upon the comments received on  
9       that preliminary staff assessment.

10              Now, that final staff assessment will be  
11       staff's testimony in the evidentiary hearings.

12              Now, when we get to our formal  
13       evidentiary hearings intervenors, the developers  
14       and staff are required to submit testimony to  
15       support their positions. Witnesses may be cross-  
16       examined during this time. Public comment is  
17       welcome at the end of the hearings, but only  
18       intervenors are allowed to cross-examine  
19       witnesses.

20              Then comes the decision phase. As I  
21       told you earlier, staff performs an analysis. We  
22       are neutral. The decision makers are sitting in  
23       front of you, Dr. Moore and Mr. Pernell, and their  
24       other three colleagues.

25              Mr. Pernell will be responsible for

1       issuing the Presiding Member's Proposed Decision.  
2       After the hearings are closed the Committee issues  
3       this document which is the proposed decision for  
4       the Committee.

5               There's a 30-day public comment period  
6       and a hearing may or may not be held by the  
7       Committee during this time. At the Commission  
8       business meeting, tentatively scheduled for August  
9       8th of next year, the Commission will debate and  
10      then decide the fate of the application, either  
11      yea or nay. Public comment is accepted at this  
12      time but no further evidence is allowed.

13             Staff proposed to provide periodic staff  
14      reports to the Committee on the progress in  
15      addressing the issues that I'll be discussing a  
16      little bit later, and any new issues identified  
17      during the course of staff's analysis.

18             Now, the contacts for the California  
19      Energy Commission are myself, and my phone number  
20      is wrong -- that number should be 653-1245. My  
21      email is correct, though.

22             Ms. Gefter, the Commission's Hearing  
23      Officer, her phone number is listed. And Ms.  
24      Mendonca, the Public Adviser, her phone number --  
25      and she has an 800 number, and an email, and both

1 are listed.

2 We can leave the contacts up for a  
3 little while, Commissioner Pernell.

4 HEARING OFFICER GEFTER: At this point  
5 we would like to ask the public if you have any  
6 questions of Mr. Reede regarding the Energy  
7 Commission process. We just want to limit the  
8 questions to the process at this point. And later  
9 in the hearing we'll ask for other questions.

10 MR. MULLIN: It's my understanding that  
11 there's going to be a vote in the City of South  
12 Gate at some time in March. How will the outcome  
13 of that election impact the process, if at all?

14 MR. REEDE: I think I would defer to the  
15 Hearing Officer to respond to that, or the  
16 Committee.

17 PRESIDING MEMBER PERNELL: The City of  
18 Downey, I understand you have a referendum or --

19 MR. MULLIN: The City of South Gate, I  
20 believe.

21 PRESIDING MEMBER PERNELL: I'm sorry, of  
22 South Gate. It won't affect our process any. You  
23 have to understand that our process is we have an  
24 applicant, we have testimony, we have staff  
25 analysis. Once that's complete then the

1 Commission makes a decision.

2 So, at this point I don't see where it  
3 affects our decision at all.

4 MR. MULLIN: Okay.

5 MR. DeWITT: Bill DeWitt, South Gate  
6 City Council. With that in mind, I've heard  
7 various rumors and different things -- of course,  
8 whenever you have a major project like this going  
9 on the rumor mill gets started very easily.

10 And we've been preliminarily advised  
11 that either the City or the County may not have  
12 any jurisdiction. It's exclusively within your  
13 purview to decide on the merits of the application  
14 as to whether or not you approve this at all.

15 And so does that mean that whatever the  
16 City says or the County of Los Angeles or the City  
17 of Downey, because I know they're quite concerned  
18 about this, really doesn't mean anything? It  
19 really boils down to on your shoulders to decide  
20 whether the applicant goes? And then our only  
21 recourse would be in the court system, I would  
22 assume.

23 I just need -- we haven't been through  
24 this process and obviously you folks have been  
25 through it a number of times. And I'm just trying

1 to see where we sit. Obviously we have our  
2 concerns, but if, from a procedural point of view,  
3 how does this work?

4 COMMISSIONER MOORE: Mr. Councilman,  
5 it's a good question. And the way I would answer  
6 it is to tell you that we operate under a rule  
7 that says we have to observe local ordinances,  
8 laws and regulations, including the general plan  
9 of the City or the general plan of the County,  
10 depending on where the project falls, and whose  
11 jurisdiction the project falls under.

12 Were the City Council to, for instance,  
13 radically rezone the land between now and the time  
14 that a decision was made, we would have to take  
15 that into account.

16 We are not independent of your own land  
17 use jurisdiction or land use authority. And as a  
18 consequence, in the process that we observe here,  
19 our staff will be bringing to us an analysis that  
20 says how well such a project, a proposed project  
21 conforms to your land use. We have to take that  
22 into account.

23 So you are absolutely not left out of  
24 the process. We welcome and need the input of the  
25 City Fathers and the City Planning Department, and

1 we take whatever your general plan says into  
2 account in making our decision.

3 MR. DeWITT: Thank you very much for  
4 clarifying that. And by the way I want to  
5 compliment Mr. Reede; he's done an excellent job  
6 with the various hearings, and particularly over  
7 in Downey, I think he took a little bit of abuse  
8 over there. But he held up very well, and I think  
9 represented you very well, and in a very impartial  
10 way. And I compliment him on that.

11 MR. REEDE: Thank you.

12 HEARING OFFICER GEFTER: Are there any  
13 other questions for Mr. Reede or for the Committee  
14 regarding the process?

15 The next item on our agenda is to  
16 discuss the issue identification report, which was  
17 prepared by staff. Mr. Reede.

18 I believe there were several copies of  
19 that report that were available on the front  
20 table, and were distributed to members of the  
21 audience.

22 Mr. Reede, would you go forward and  
23 discuss your issue identification report, and then  
24 we'll also include your discussion of scheduling  
25 in that, and then --

1 MR. REEDE: Yes, ma'am.

2 HEARING OFFICER GEFTER: -- we'll ask  
3 the other parties to join in that discussion.

4 MR. REEDE: Okay. Ms. Gefter, with your  
5 permission I'd like to introduce the Mayor of  
6 South Gate, Mayor Henry de la Torre -- Hector de  
7 la Torre, I apologize.

8 PRESIDING MEMBER PERNELL: Welcome.

9 MR. REEDE: The issues identification  
10 report has been prepared by the California Energy  
11 Commission Staff to inform the Committee and all  
12 interested parties of the potential issues that  
13 have been identified in the case thus far.

14 These issues have been identified as a  
15 result of our discussions with federal, state and  
16 local agencies, and our review of the Nueva Azalea  
17 Power Plant application for certification.

18 The issue identification report contains  
19 a project description, summary of potentially  
20 significant environmental issues, and a discussion  
21 of the proposed project schedule.

22 I will be addressing the status of the  
23 issues and progress towards their resolution in  
24 periodic status reports to the Committee.

25 On March 8, 2000, the EM-One Power

1 Station, Limited Liability Company, filed an  
2 application for certification for the Nueva Azalea  
3 Power Plant project. EM-One Power Station is  
4 jointly owned by Sunlaw Energy Corporation and  
5 Sunlaw Energy Partners, LP.

6 The Nueva Azalea Power Plant project  
7 will be a nominal 550 megawatt natural gas  
8 combined cycle power plant. The applicant intends  
9 to locate the project on a 13.5 acre site in the  
10 City of South Gate at the eastern edge of the city  
11 limits.

12 This site is bound by Southern Avenue on  
13 the north, East Frontage Road of the 710  
14 Interstate Freeway on the west, Garfield Avenue  
15 and Miller Way on the east, and other developed  
16 industrial properties on portions of the south,  
17 east and west.

18 The main power facilities for the  
19 project will contain two power islands, electrical  
20 switchyard, administrative buildings, chemical  
21 storage areas, cooling towers and other support  
22 facilities. Natural gas will be supplied to the  
23 project via a new pipeline of approximately one  
24 mile in length.

25 The water supply source for the plant



1       cooling towers will be from the existing reclaimed  
2       water supply. The water supply source necessary  
3       for the electric generating cycle, the steam, will  
4       be purchased -- proposed to be purchased from the  
5       City of South Gate, and will use approximately 2.5  
6       percent of the total volume of potable water used  
7       each year in the City of South Gate.

8               The applicant has identified eight  
9       transmission options with the preferred  
10      alternative requiring approximately 1000 feet of  
11      new 230 kV transmission lines to be built to  
12      interconnect the project at the Southern  
13      California Edison Mesa and Redondo substations.

14             The project is estimated to have a  
15      capital cost of \$256 million. The applicant plans  
16      to complete construction and start operation of  
17      the combined cycle unit in the second quarter of  
18      2003.

19             During construction up to approximately  
20      391 construction jobs will be created over the 20-  
21      month construction schedule. A permanent  
22      professional workforce of approximately 33 people  
23      will operate the plant.

24             Under the topic of potential major  
25      issues the Committee should be aware that this

1 report might not include all the significant  
2 issues that may arise during the case. Discovery  
3 is not yet complete and other parties have not had  
4 an opportunity to identify their concerns.

5 The identification of the potential  
6 issues contained in this report is based on our  
7 judgment of whether any of the following  
8 circumstances will occur:

9 Potential significant impacts which may  
10 be difficult to mitigate.

11 Potential areas of noncompliance with  
12 applicable laws, ordinances, regulations and  
13 standards.

14 Areas of conflict or potential conflict  
15 between the parties or areas where resolution may  
16 be difficult or may affect the schedule.

17 The table that you see behind you lists  
18 the subject areas evaluated and notes those areas  
19 were critical or significant issues have been  
20 identified. Even though an area is identified as  
21 having no potential issues, it does not mean that  
22 an issue will not arise related to that subject  
23 area.

24 This report does not limit the scope of  
25 staff's analysis throughout this proceeding, but

1 acts to aid in the analysis of potentially  
2 significant issues that the Nueva Azalea Power  
3 Plant proposes.

4 The following discussion will summarize  
5 each potential issue, identify the parties needed  
6 to resolve the issue, and where applicable,  
7 suggest a process for achieving resolution.

8 Now, because of the time lag staff  
9 issued data requests on September 11th addressing  
10 many of the issues due to the timing of this  
11 proceeding. A data request workshop was held  
12 September 20th to clarify what responses will be  
13 made on October 20th.

14 Under the topic of air quality issues  
15 there are potentially several significant issues  
16 that may create problems in the licensing process,  
17 which may be magnified due to the fact that this  
18 project would be located in an area with a  
19 dominant representation of minorities and low  
20 income groups.

21 Staff sees a number of major air quality  
22 issues that could affect the Nueva Azalea Power  
23 Plant project schedule.

24 Of major concern is the applicant's  
25 proposal o substitute volatile organic compounds

1       for particulate matter-10 offsets.

2               The applicant is proposing to offset the  
3       247 tons per year of direct particulate matter  
4       emissions using volatile organic compounds  
5       emission reduction credits. Interpollutant  
6       offsets are allowed in the South Coast rules, and  
7       may be the only option available for the  
8       applicant, because there are insufficient PM-10  
9       banked offsets available in the air basin.

10              However, this may create a problem if  
11       the staff air quality analysis indicates that  
12       there is a disproportional and substantial adverse  
13       PM impact in the area surrounding the facility.

14              The applicant's construction impact  
15       analysis suggests a potential for significant  
16       adverse impacts. But their analysis may over-  
17       estimate the impacts by a significant margin. If  
18       the impacts are above the ambient air quality  
19       standards, the Commission and South Coast Staff  
20       will require mitigation of these temporary impacts  
21       to the extent feasible.

22              The PM impacts from cooling towers were  
23       estimated using an air dispersion model that is  
24       not suitable to model cooling towers. The model  
25       assumes that the droplets behave as a gas, when in

1 reality it is well known that due to their weight  
2 they are far from behaving in such a manner. In  
3 addition, the PM emissions from cooling towers may  
4 be severely over-estimated.

5 For these reasons staff will refine the  
6 analysis to properly estimate PM impacts from  
7 cooling towers. Staff hopes to have this analysis  
8 done before the publication of the preliminary  
9 staff assessment. However, it is possible that  
10 this modeling analysis will not be ready before  
11 that time.

12 Next, the determination of  
13 representative ambient air quality conditions in  
14 the South Gate area may be a contentious issue  
15 during the siting process. The applicant has  
16 measured ambient air quality conditions for only a  
17 week in December 1999 at the site where the power  
18 plant would be located.

19 Because this site is currently used as a  
20 truck depot and tractor/trailer parking site, the  
21 air quality data is suggesting that the PM10  
22 ambient concentrations are higher than  
23 measurements taken during the same sampling period  
24 at the closest monitoring stations monitored by  
25 South Coast.

1                   The data may not be suitable to  
2           establish representative ambient air quality  
3           conditions in the South Gate area because the  
4           sampling may have been heavily contaminated by  
5           emission from the diesel trucks.

6                   Next, the issue of public health. The  
7           potential exists for a significant adverse  
8           cumulative particulate matter impacts from the  
9           proposed project and other existing sources. A  
10          mixture of industrial, commercial and residential  
11          development, as well as a major freeway that  
12          passes adjacent to the proposed site characterizes  
13          the existing environment.

14                  Additionally there are a considerable  
15          number of toxics releasing facilities, Superfund  
16          sites, and toxic waste treatment, storage, or  
17          disposal facilities in the vicinity of the  
18          proposed project.

19                  This community is considered the center  
20          of non-abatement in the Los Angeles air basin by  
21          the South Coast Air Quality Management District.  
22          The MATES II study by the South Coast District  
23          published in March 2000 shows that the local  
24          residents are currently exposed to higher levels  
25          of air contaminants than those in surrounding

1 communities.

2 This community has also endured major  
3 toxic releases causing injury and school closures  
4 in the past. The proposed project's immediate  
5 impact area encompasses at least three schools, a  
6 regional medical facility and numerous other  
7 sensitive receptors.

8 The community has previously been  
9 identified in various reports as having higher  
10 than normal rates of respiratory problems such as  
11 juvenile asthma.

12 Members of the local community have  
13 expressed concern that operation of the proposed  
14 power plant would adversely impact the health of  
15 the people in the area, the vast majority of whom  
16 are minority or low income.

17 The residents of the southeast Los  
18 Angeles area, including South Gate, are over 80  
19 percent minority, for whom there is concern about  
20 inequitable air toxic and air pollutant exposures.

21 The community around the project area  
22 has the perception that it is disproportionately  
23 exposed to environmental pollution from the  
24 presence of specific sources in that area. The  
25 community is concerned that any additional

1 pollution would not be mitigated locally, and  
2 therefore that the impacted area's health and  
3 environment will deteriorate further.

4 Staff will be working closely with South  
5 Coast, the applicant, intervenors and various  
6 other agencies to address these issues.

7 Traffic and transportation. The area  
8 surrounding the site is heavily congested with  
9 truck traffic. Concerns have been raised  
10 regarding the impact of additional trips caused by  
11 construction employees, the installation of water  
12 and gas pipelines in the surrounding  
13 thoroughfares, and disruption of normal flow  
14 patterns.

15 The use of the only ingress/egress, East  
16 Frontage Road, to the Thunderbird Mobile Home Park  
17 will be impacted severely due to project  
18 construction. This raises staff's concern due to  
19 the frequency of emergency services to the large  
20 concentration of senior citizens at the mobile  
21 home park.

22 The condition of the roadway accessing  
23 the plant was observed by staff to be in a state  
24 of disrepair, and will require deep resurfacing  
25 after construction of the pipelines. Staff will e



1 working again with applicant, City Staff and other  
2 agencies to address these issues.

3 Visual resources. Staff and other  
4 agencies are concerned that the proximity of the  
5 plant to Interstate 710, and its location in an  
6 urban area, may result in potentially unmitigable  
7 visual and highway safety impacts.

8 The proposed power plant has the  
9 potential to cause significant visual impacts due  
10 to project-created vapor plumes. According to  
11 applicant data vapor plumes of over 300 feet in  
12 height and 600 feet in length could be anticipated  
13 approximately half the time on an annual basis.

14 Such plumes thus have the potential to  
15 be a prominent, frequent feature in the landscape  
16 within a viewshed densely populated with viewers  
17 of varying degrees of visual sensitivity,  
18 including motorists on the Long Beach Freeway and  
19 numerous residential viewers located within  
20 foreground distances of the project.

21 Water Resources. As proposed, the Nueva  
22 Azalea Power Plant may require up to 5500 acrefeet  
23 of water per year. Approximately 99 percent of  
24 this water will be used for steam, cooling or  
25 clean-up purposes.

1           The applicant has proposed to use high  
2           quality water to supply the steam, clean up and  
3           other onsite water needs of the power plant. This  
4           high quality water, to be supplied by the City of  
5           South Gate, will constitute approximately 2.5  
6           percent of the City's annual usage. The applicant  
7           is proposing to use reclaimed water for the  
8           cooling tower makeup.

9           Staff believes that the project use of  
10          potable water from the City is a potentially  
11          significant issue and will be evaluating the  
12          potential impacts associated with using this  
13          volume of water.

14          Given the possibility that these  
15          potential impacts could be significant, the  
16          applicant needs to evaluate alternative cooling  
17          techniques and technologies such as dry or wet/dry  
18          cooling, and alternative sources of steam cycle  
19          demand.

20          In addition, staff will be evaluating  
21          opportunities for water conservation to reduce  
22          overall project water demand and discharge. Staff  
23          will be working with the local water districts,  
24          the applicant and other water regulatory agencies  
25          to address these issues.

1           Environmental justice. The demographics  
2       for the 19-city southeast Los Angeles area,  
3       including South Gate, the proposed site for the  
4       Nueva Azalea project, are over 80 percent  
5       minority. The community surrounding the project  
6       has the perception that it has experienced and is  
7       experiencing a disproportionate adverse  
8       environmental, economic and health impacts related  
9       to existing industrial and commercial development.

10           Members of the local community have  
11       expressed concerns that the proposed power plant  
12       will have an adverse impact on the people in the  
13       local area, the vast majority of which are  
14       minority or low income.

15           Additionally, the City of South Gate has  
16       identified potential additional diesel truck firms  
17       that have plans to move into the immediate area.  
18       The community is concerned that any additional  
19       pollution will not be mitigated locally, and  
20       therefore the impacted area's environment will  
21       deteriorate further.

22           Staff will work with the applicant,  
23       intervenors, City Staff and community groups to  
24       address this issue.

25           The alternatives issue. Staff has not

1 completed its analysis of the proposed Nueva  
2 Azalea project, and has not concluded that there  
3 are potentially significant impacts in a number of  
4 areas.

5 However, local residents have expressed  
6 particular concerns that the power plant will have  
7 adverse impacts on minority and/or low income  
8 residents in the local area.

9 Staff plans to assess the options for  
10 alternatives sites in the Los Angeles area that  
11 could avoid or reduce any significant impacts that  
12 we may identify from our analysis. We plan to  
13 discuss alternative site possibilities with  
14 planning and community development staffs of Los  
15 Angeles County, and various cities within the  
16 County.

17 Keeping in mind the applicant's need for  
18 a minimum 12-acre site, plus temporary acreage for  
19 construction lay down area, staff's alternative  
20 analysis will include an in-depth review of the  
21 alternative sites proposed by the applicant in the  
22 AFC; review of any sites suggested by local  
23 agencies or members of the public; expansion of  
24 the existing Sunlaw Power Plants in Vernon; and  
25 vacant or unused parcels suitable for a heavy

1 industrial use in the L.A. area.

2 Scheduling. Timely provision and  
3 resolution of the emission reduction credits is  
4 critical to the schedule of this project. These  
5 must be provided by October 20th to allow the  
6 South Coast Air Quality Management District to  
7 prepare their preliminary determination of  
8 compliance on time.

9 Resolution of any environmental justice  
10 issues may also impact this schedule.

11 USEPA expects an environmental justice  
12 analysis from the local air quality districts as  
13 part of their delegated federal permitting. Staff  
14 will strive to have only one air quality  
15 environmental justice analysis that would meet the  
16 requirements of all the agencies. For this reason  
17 staff will coordinate with the South Coast Air  
18 Quality Management District.

19 It is unknown if this will create  
20 problems with the schedule and timing for this  
21 project. However staff intends to work diligently  
22 to avoid conflicts with the schedule.

23 Currently the Energy Commission Facility  
24 Siting Division is reviewing 15 applications for  
25 certification for power plants, an SPPE, small

1 power plant exemption, and expects to receive  
2 another nine applications in the next two months.

3 Staff is experiencing a significant  
4 staffing workload problem and has recently hired  
5 consultant teams to help with the peak workload.  
6 In light of the magnitude of the issues and the  
7 workload, staff believes that it would be  
8 challenging to meet a 12-month schedule.

9 Staff's proposed 12-month schedule is  
10 attached. On the back, or page 10 of the issues  
11 identification report, I would bring to your  
12 attention the data response workshop on October  
13 18th at the Girls' Clubhouse from 6:00 to 9:00  
14 p.m. The second round data request workshop on  
15 November 1st from 6:00 to 9:00 p.m. at the Girls'  
16 Clubhouse, again.

17 On December 6th the second round data  
18 response and issue resolution workshop, again at  
19 the Girls' Clubhouse from 6:00 to 9:00 p.m. And  
20 January 22nd when staff proposes to file the  
21 preliminary staff assessment.

22 I'll entertain any questions from the  
23 Committee. Thank you for the time, Ms. Gefter.

24 HEARING OFFICER GEFTER: Thank you.

25 Before we open it up to questions from the public,

1       this is an opportunity for the parties to also  
2       discuss the proposed schedule. And I would like  
3       to ask the applicant to give us their views on the  
4       schedule, and then we'll ask the intervenor to  
5       respond.

6               MR. EPSTEIN: Thank you. As I think the  
7       Committee is aware, we have provided with the  
8       Committee in a filing in accordance with its  
9       direction on September 25th, a proposed schedule  
10      by the applicant, as well as text describing the  
11      rationale behind our schedule.

12             We are proposing a ten-month schedule  
13      for the proceeding, rather than the 12-month  
14      schedule that the staff has proposed. And we've  
15      provided a very detailed benchmark basis for every  
16      aspect of that proposed schedule.

17             The one thing that I want to emphasize  
18      in pointing the Committee to the proposed schedule  
19      by Sunlaw, Sunlaw has made it clear tonight, I  
20      think, and as well in its previous actions, that  
21      it is very committed to a full and fair and public  
22      participation, and a full and fair hearing for its  
23      AFC.

24             Sunlaw is asking the Committee to adopt  
25      a ten-month schedule for this proceeding, as I

1 mentioned. We're asking the Commission to do its  
2 job two months shorter than the maximum period of  
3 time that's permitted by law for the siting cases.  
4 And there are several reasons for this request.

5 First, both the Governor and the  
6 Legislature of this State have recognized the  
7 current energy crisis. And they have directed the  
8 CEC to give priority to the cleanest facilities.  
9 Nueva Azalea will be the cleanest fossil fuel  
10 power plant ever proposed or built in California.

11 Sunlaw is asking the Commission to set  
12 permit levels for the Nueva Azalea Power Plant at  
13 levels that are lower than any other similar power  
14 plant previously permitted, or any other power  
15 plant that's currently pending before this  
16 Commission.

17 As you're heard, Sunlaw is proposing to  
18 reach these unprecedentedly low maximum permit  
19 levels by using SCONOX technology. The sooner  
20 this plant is up and running, the sooner the  
21 Commission, the Air Quality Management Districts,  
22 including the South Coast and others, will have to  
23 force other power plants that are being proposed  
24 to meet these same super-low levels. And that's  
25 good for the entire state.



1                   And the ten-month schedule that we have  
2                   proposed is not inconsistent with Sunlaw's  
3                   commitment to a full and fair hearing. We're not  
4                   proposing to take away in any way the public's  
5                   ability to provide input, to express concerns or  
6                   to have questions answered.

7                   What we're proposing is that the  
8                   Commission do its job a little faster than it's  
9                   been doing it in the past. But that's the same  
10                  request that the Governor and the Legislature have  
11                  already made of this Commission.

12                  I would be happy to answer any specific  
13                  questions that the Committee may have about the  
14                  thinking behind our proposed schedule.

15                  HEARING OFFICER GEFTER: The intervenor,  
16                  Communities for a Better Environment, has filed a  
17                  rebuttal to the applicant's proposal. I'd like to  
18                  hear from the intervenor at this point.

19                  MS. SIMON: Thank you. This is Anne  
20                  Simon on behalf of Communities for a Better  
21                  Environment.

22                  There are three principal reasons why  
23                  CBE asks the Committee not to adopt the ten-month  
24                  schedule proposed by Sunlaw, or any variant of  
25                  that, but rather to work from the 12-month

1 schedule proposed by the staff, with one  
2 additional proposal about the 12-month schedule  
3 that CBE would like to make.

4 The first reason we would ask the  
5 Committee to work from the staff's proposal is  
6 that public participation in this proceeding  
7 requires the public to have an opportunity, not  
8 only to receive information, but to digest it and  
9 understand it, and if necessary, go to independent  
10 experts for help in learning what it means in  
11 order to have the significant input before this  
12 Commission that the statute and the Commission's  
13 own processes require.

14 This is as true for a formal intervenor,  
15 like Communities for a Better Environment, as it  
16 is for residents of the surrounding communities  
17 who are not yet formally represented in this  
18 proceeding.

19 While two months may not seem like a  
20 great deal of time to people who have paid, full-  
21 time jobs to work on this matter, for people who  
22 are volunteering in their own lives, shortening  
23 their opportunity to learn what is going on and  
24 understand, by two months, makes a significant  
25 difference, which leads me to the second point.

1           The difference between 10 months and 12  
2       months on this schedule is not going to make a  
3       significant difference in the overall energy  
4       picture in California.

5           The Sunlaw people have made no  
6       suggestion that it actually will, they're just  
7       saying ten months would be better for them. But  
8       CBE submits that's not a reason for the Committee  
9       to put a great deal of pressure on the other  
10      participants in this proceeding, including the  
11      staff, to do an expedited proceeding.

12          The third reason that CBE believes that  
13      the Committee should not work from or adopt  
14      Sunlaw's proposal is that two crucial elements of  
15      the time schedule in Sunlaw's proposal are very  
16      distorted.

17          The first is that despite what Mr. Reede  
18      just said about the time urgency of the submission  
19      of evidence of trading credits in order to keep  
20      even to the ten-month schedule, Sunlaw is  
21      proposing to push back the submission date of the  
22      proposed emissions trading credits to more than  
23      two weeks after the date that the staff says is  
24      the last viable date to make the one-year  
25      schedule.

1               Conversely, Sunlaw is also proposing to  
2               seriously compress the time period between the  
3               filing of the preliminary staff assessment and the  
4               final staff assessment, one of the most crucial  
5               periods for public comment and public  
6               participation in this process.

7               Communities for a Better Environment  
8               submits to the Committee that that compression  
9               that is being proposed by Sunlaw at both ends,  
10              compression of the staff on the trading credits,  
11              and compression of the public on the staff  
12              assessment, is inconsistent with the Commission's  
13              commitment to public participation, and  
14              inconsistent with the prospect of getting a fair  
15              and well-studied result from this proceeding.

16              So we would like the Committee to work  
17              from the staff's 12-month proposal. One footnote  
18              to that, as I've mentioned, is that CBE is very  
19              concerned that the staff has correctly and fairly  
20              let everyone know that on the current schedule the  
21              cooling tower analysis may not be available by the  
22              time they have scheduled their effort to file the  
23              preliminary staff assessment.

24              We would ask that a schedule be set that  
25              would include having the cooling tower analysis in

1 the preliminary staff assessment, because if it  
2 comes later, intervenors and members of the public  
3 will have a very difficult time incorporating the  
4 cooling tower analysis into their comments on the  
5 preliminary staff assessment, and their  
6 preparation for the hearing.

7 With that comment, CBE would like to  
8 commend the Committee working from the staff's  
9 proposal. Thank you.

10 HEARING OFFICER GEFTER: Thank you.

11 (Applause.)

12 HEARING OFFICER GEFTER: As the parties  
13 know, the Committee will take the presentations  
14 under advisement and we will be issuing a  
15 scheduling order within the next two weeks. And  
16 the scheduling order will reflect the Committee's  
17 thinking on this proposal.

18 We tried to set aside quite a bit of  
19 time, and we've succeeded, to allow public  
20 comment. Before we go to public comment, the  
21 intervenor would like to present comments, and  
22 we're going to go off the record while they set  
23 up.

24 (Off the record.)

25 PRESIDING MEMBER PERNELL: We will have

1 one of the intervenors present their presentation.

2 MS. SIMON: Thank you, Commissioner  
3 Pernell. Carlos Porras, Executive Director of  
4 Communities for a Better Environment is going to  
5 make the presentation for the intervenor.

6 For the Commissioners and parties,  
7 copies of the overheads will be submitted to the  
8 docket. If there are people in the room who would  
9 like to get copies of these overheads, please see  
10 me or Bahram Fazeli over there, and give us your  
11 name and address and we'll be able to send them to  
12 you.

13 Thank you.

14 MR. PORRAS: Thank you. As we  
15 mentioned, my name is Carlos Porras. I'm the  
16 Executive Director of the statewide nonprofit  
17 organization Communities for a Better Environment.  
18 We have offices in Huntington Park at 5610 Pacific  
19 Boulevard, Suite 203; office in Oakland,  
20 California, 1611 Telegraph Avenue, Suite 450.

21 And I also wanted to mention, for  
22 purposes of this discussion also, so that everyone  
23 would be on the same page with me, the dot that  
24 you see in this map is my residence. So, not only  
25 do I work in the area of impact, but I live on

1 Downey Avenue, less than about a mile and a half  
2 in the impact zone. And so I am here on behalf of  
3 the organization, but also as a concerned  
4 resident, myself.

5 And I wanted to start by a little bit of  
6 a brief introduction of my organization. Our  
7 focus, as much has been mentioned here about  
8 environmental justice impacts, that is the nature  
9 of the work of my organization. And basically is  
10 to apply our resources and our tools within the  
11 organization, which is staff scientists, staff  
12 lawyers and community outreach organizers to give  
13 the tools that have been historically not in the  
14 hands of community members to those communities  
15 where the impacts are going to be felt directly.

16 And so it is the mission of the  
17 organization to provide these resources. And I  
18 will make some brief illustration here through the  
19 overheads about the impacts in this particular  
20 area of L.A. County, the region and what we call  
21 southeast L.A. as a basis for information, sharing  
22 information about why we articulate the position  
23 that this area is disproportionately impacted by  
24 environmental hazard.

25 I also want to mention that we started

1       our community outreach and community organizing in  
2       this area, what we call southeast L.A. back in  
3       1994 as part of the La Causa project, which is a  
4       community-based empowerment organizing project,  
5       originally starting with a struggle in Huntington  
6       Park around a recycling facility in Huntington  
7       Park known as La Montana, with the same kind of  
8       impacts that we are hearing about in this project.  
9       Basically it's particulate matter; the health  
10      effects and impacts of particulate matter on  
11      people's health.

12               We are also very much being cognizant in  
13      this line of work of the position and our  
14      relationship with workers. Because it is our goal  
15      not to kill jobs, not to be obstacles to  
16      development and growth, but really to do that in a  
17      way that is healthy and that respects the  
18      participation and the needs of the community.

19               I will be displaying some maps and other  
20      illustrations that come from a report which we  
21      have published, and we have made promised  
22      availability of that full report, which we call  
23      Holding Our Breath, which is a specific research  
24      project of the seven cities we call southeast L.A.  
25      And so that information will be referred to in



1       this presentation.

2               And, again, if others of the general  
3       public or other interested parties would like  
4       copies of that full report, Bahram, if you could  
5       raise your hand, please? Bahram is our staff  
6       researcher in the Huntington Park office, and he  
7       can make those available.

8               But before I start on that presentation  
9       I want to illustrate on this map that you see  
10      before you, because this is the area of South  
11      Gate, and the proposed project of the Nueva Azalea  
12      Plant.

13              And this is a 1.5 mile radius. And what  
14      I want to point to, it's difficult to see the  
15      legend, but those symbols that you see there are  
16      daycare centers, schools, hospitals, gyms, parks  
17      and, of course, the Nueva Azalea Plant.

18              Now, why are we focusing in on these  
19      particular symbols in these areas? Because it is  
20      clearly known that children and the elderly and  
21      those with preexisting health conditions are --  
22      their health problems are exacerbated by  
23      particulate matter exposure.

24              In fact, a couple of years ago a study  
25      conducted by the Natural Resources Defense Council

1 concluded that for L.A. County, as many as 6000  
2 deaths a year, premature deaths, are attributed to  
3 exposures to particulate matter.

4 So, while some would characterize this  
5 as, well, it's dust. Well, dust has a very  
6 significant impact. So let us not diminish the  
7 fact that breathing higher concentrations of dust  
8 does have an impact.

9 And, again, those who would be more  
10 predisposed to the problems are people who are  
11 already sick. Children, because they're still  
12 developing their organs. And the elderly, who are  
13 also similarly more susceptible.

14 This map is a map that in the research  
15 that we did of the area, some of the data, some of  
16 the data that is already being recorded, reported  
17 to federal or other governmental or quasi-  
18 governmental agencies, this is one that is a  
19 federal database for L.A. County.

20 And what you see here is in the color of  
21 the map it is, of the lighter shades, anywhere  
22 from 0 to 20 percent communities of color. This  
23 is by 1990 census data.

24 And then in using the 1996 data of what  
25 is known as the toxic release inventory of

1 facilities reported to the federal government, we  
2 have these green dots which are the special  
3 distribution of these facilities.

4 And you will notice that this is  
5 southeast L.A., and there is pretty much an  
6 agglomeration of these facilities in southeast  
7 L.A. One of the things that we point out here is  
8 we're talking about certain patterns and trends  
9 when we argue the points of environmental justice.  
10 And so as the doglegs of race extend in the  
11 County, you will see the similar pattern of TRI  
12 facilities.

13 So that is one example of just taking  
14 one database and looking at it with the  
15 perspective of the trends around demographics and  
16 siting patterns and practices.

17 That was part of our Holding Our Breath.  
18 And just to give a little bit more of an  
19 independent analysis, this is the same approach of  
20 TRI facilities to demographics that was conducted  
21 independently at Occidental College by Professor  
22 Jim Zadt in the environmental studies department,  
23 and Manuel Pastor, who is now at U.C. Santa Cruz,  
24 doing some statistical analysis of the very same  
25 phenomena. And, in fact, documented the same

1 pattern.

2           Additionally, in our communications with  
3 these other researchers at Occidental, U.C. Santa  
4 Cruz, we asked the question that usually we face,  
5 which came first. Did the community encroach upon  
6 industry, or did industry move into the community.

7           And so this was the question that was  
8 posed in the same academic research. And what  
9 this graph indicates is for L.A. County, which was  
10 the area that was looked at in the research, not  
11 only did industry encroach upon communities, but  
12 that over time, the pattern has been increasing,  
13 even up to the year 1990, when we have much more  
14 information now than we did before when some of  
15 the decision making took place regarding the  
16 siting and permitting of hazardous facilities.

17           Basically what we have done is in that  
18 shaded area we did an in-depth research of the  
19 seven cities in that area. And what you see in  
20 the dots here are the South Coast Air Quality  
21 Management District's monitoring locations.

22           And it's important to understand that  
23 the prevailing winds for this area flow from the  
24 southwest towards the northeast. And so if you  
25 look at this map, with respect to where the

1 monitoring sites are, and understanding the  
2 problems of southeast L.A. with respect to air  
3 quality, there is not a lot of data that's going  
4 to be very useful existing.

5 And so we have to keep that in context.  
6 We need more data. We need more monitoring. And  
7 so what we are presenting here is really an  
8 assessment of the data, identifying data gaps, and  
9 one of the things that our goal was in this  
10 research was to establish one critical policy flaw  
11 around air quality policy in the area.

12 And that is at this very time we still  
13 don't have a policy mechanism for incorporating  
14 cumulative exposure. Because our communities, as  
15 you will see, are not impacted by one facility.  
16 There are several. It's one of many.

17 And there's no policy mechanism  
18 currently that looks at, okay, what is the total  
19 impact in the community based on everything that's  
20 there.

21 And this map, I think, is important for  
22 us to understand in this process, as well, because  
23 it's a zoning map of the seven cities. Basically  
24 the cities under scrutiny in our research, as you  
25 can see, are Vernon, Commerce, Huntington Park,

1 Bell Gardens, Cudahy and South Gate.

2 And some of the issues and problems that  
3 we deal with and experience in the community on a  
4 day-to-day basis are largely flowing and stem from  
5 zoning practices. And this is not to point a  
6 finger at any agency, local government; but simply  
7 to illustrate that in many cases when general  
8 plans were made, environmental hazards were not  
9 common knowledge.

10 And so now we need to look back at the  
11 decision making that we have made with respect to  
12 zoning, because zoning can have a very critical  
13 effect on the health of people.

14 And so you'll see that in this region  
15 the darker shaded areas are heavy industry. The  
16 slightly lighter ones are light industry. Red is  
17 commercial. Yellow is residential.

18 And then we have overlaid schools in the  
19 green dots with respect to that, because again,  
20 children and children's health are very critical,  
21 very important in this work. Because, A) we still  
22 don't have the level of scientific understanding  
23 about how exposures, environmental exposures  
24 translate to children's health and development.

25 I've mentioned cumulative exposure and

1 the flaw of policy with respect to not being able  
2 to do an adequate assessment. And this map begins  
3 to illustrate that point.

4 This same area of the seven cities we  
5 have taken eight different databases and I'll read  
6 them off to you, it's probably hard to read. The  
7 one I mentioned earlier, toxic release inventory.  
8 The yellow squares are AQMD's rule 301, basically  
9 applications, permit applications. Under  
10 California State Law, AB-2588 inventories, which  
11 have to be reported to the South Coast Air  
12 District, under the same legislation.

13 If the facility poses a certain risk the  
14 blue dots are what is known as health risk  
15 assessment sites. The circles are Superfund  
16 sites. The asterisks, acutely hazardous materials  
17 handlers. The diamonds, leaking underground  
18 storage tanks. And the stars are toxic waste  
19 treatment, storage and disposal facilities.

20 And so you can see that this particular  
21 region is, just looking at those, and that is not  
22 a complete inventory, not a complete list, but  
23 this particular region is inundated, and has a  
24 significant amount of density with respect to  
25 these types of facilities.

1                   And, in fact, this particular region is  
2                   a part of what is known as the Alameda Corridor.  
3                   The Alameda Corridor is the most densely  
4                   industrialized region in the entire country. And  
5                   so we need to recognize that.

6                   And in closing, I've taken up my time,  
7                   but I do want to mention that we are very much  
8                   concerned with the fact that there are several  
9                   sensitive receptors with respect to the community,  
10                  the schools, the daycare centers, hospitals,  
11                  elderly facilities -- and I was told that was my  
12                  last, but I'm going to cheat -- this is my last.

13                  We want to protect against certain  
14                  decisions that have long-lasting impacts. This is  
15                  Suva Elementary School in Bell Gardens, within a  
16                  mile of this particular site, where some of these  
17                  zoning decision matters come to a very critical  
18                  reality. Where, in this particular case, several  
19                  people have, in fact, died from some very toxic  
20                  contaminants coming from a facility that was  
21                  adjacent to the playground of an elementary  
22                  school.

23                  And let us not repeat some of the  
24                  problems of the past in this decision making.  
25                  Thank you.



1 (Applause.)

2 HEARING OFFICER GEFTER: Thank you.

3 Could we have the lights, please?

4 We're going to open the floor for  
5 questions in just a moment when everybody gets  
6 settled.

7 The Public Adviser has collected several  
8 blue cards from members of the public, and we'd  
9 ask those folks to come forward. And then we also  
10 have a few others questions that we received. And  
11 after that we will invite people to come forward  
12 and ask questions.

13 I have a question here from Mr. Edward  
14 Lee. I don't know if Mr. Lee is still here? Yes.  
15 Mr. Lee, you're the City Attorney for the City of  
16 Downey, is that --

17 MR. LEE: Yes, Assistant City Attorney.  
18 And it's not really a question. It's really a  
19 statement that on behalf of the City of Downey we  
20 would support the intervenor's suggested  
21 scheduling.

22 As you are probably aware, the City of  
23 Downey has a number of concerns about potential  
24 impacts from the project. We've made that known  
25 both to staff and I believe it's in your docket,

1 both oral as well as written testimony.

2 And we believe that having adequate time  
3 to analyze and evaluate all of the information is  
4 very important for our City. It's a very complex  
5 project, complex data. We need the time to be  
6 able to evaluate.

7 So, again, on behalf of the City of  
8 Downey we would support the intervenor's suggested  
9 scheduling. Thank you.

10 HEARING OFFICER GEFTER: Okay. Mr. Lee,  
11 has the City of Downey -- is your name on the  
12 service list, or do you wish to be on the agency  
13 list?

14 MR. LEE: I believe I have also put my  
15 own name and the firm name on the service list, as  
16 well as the City is on it.

17 HEARING OFFICER GEFTER: Okay, thank  
18 you.

19 MR. REEDE: Ms. Gefter, I have supplied  
20 to your secretary both the City Manager and the  
21 Assistant Director for Community Development, Ron  
22 Yoshiki's name, on the service list.

23 HEARING OFFICER GEFTER: Okay, does Mr.  
24 Lee also -- we can only put one name for the City  
25 on there. Do you want to be the contact, or do

1       you want the City Manager --

2               MR. LEE:  No, if you would just direct  
3       that to Ron Yoshiki, that would be fine.

4               HEARING OFFICER GEFTER:  Thank you.

5               MR. LEE:  Thank you.

6               HEARING OFFICER GEFTER:  All right.  I'm  
7       just going to go through these cards that were  
8       presented to me.  They're not necessarily in  
9       order, but there is a message, a blue card from  
10      Mr. Jose Armijo.  Mr. Armijo, are you here?  You  
11      can come forward and ask your question and we'll  
12      see if we can have someone here answer it for you.

13              MR. ARMIJO:  Yes, my concern is the  
14      refinery that is going to be adjacent to this  
15      proposed plant, which is a roofing material maker.  
16      And I would wish the Committee would check into  
17      their history because if I'm correct, they have  
18      had several fires.

19              And as of the last one was about a year  
20      and a half or so ago, where a tank exploded.  And  
21      damage was done to my home, which is in Downey.  
22      And nothing has ever come from that, the claim  
23      that I made.  But that's not what I'm here about.

24              The impact of an explosion or a fire  
25      next, at the refinery, would also impact the power

1 plant next door. And to say, if there was a fire  
2 or an explosion at the power plant, that would  
3 impact the refinery.

4 So now we would have two tests of  
5 graphic areas of concern, and that's what I'm  
6 asking the Committee to look into.

7 Thank you.

8 HEARING OFFICER GEFTER: Thank you. We  
9 will ask the staff to look into that, as well, as  
10 part of their cumulative impacts analysis. Thank  
11 you.

12 I have a card from Mr. Tseklenis: Yes,  
13 please, come forward.

14 MR. TSEKLENIS: My name is Harold  
15 Tseklenis, the card says G.H., same thing. I live  
16 in Downey.

17 I don't know if I have a question or  
18 perhaps a suggestion. I congratulate the people  
19 that are proposing the power plant in their  
20 attempt to solve the power shortages that we have  
21 in the area, or at least it's looming.

22 And one of the items that was mentioned  
23 was that this plant will provide electric power  
24 for something like 500,000 homes. I think the  
25 number's about correct.

1                   But then I was thinking about where  
2                   those 500,000 homes would be. And my  
3                   understanding is that the expansion for the L.A.  
4                   Basin is going to take place east of what is now  
5                   greater Los Angeles. Most of them will be in the  
6                   San Bernardino/Riverside County area.

7                   And I suggest that since those are going  
8                   to be the beneficiaries of this power plant,  
9                   perhaps Sunlaw can look in that area to establish  
10                  a power plant. And there's some pretty darn good  
11                  sites available for that purpose.

12                 As a matter of fact, the President of  
13                 Sunlaw has worked for Edison, and I think he's  
14                 remember that the San Bernardino steam plant near  
15                 Norton Air Force Base is there, and there's a good  
16                 gas pipeline right next to it. It's from the  
17                 Cal/Nevada line. And there are power lines to  
18                 connect to.

19                 Also, Coolwater was built some time ago;  
20                 all kinds of facilities have gone up there. And  
21                 that's an excellent area to build facilities that  
22                 will serve the southern California area.

23                 MR. REEDE: Sir, if I might interrupt  
24                 you for just a brief second, there is a plant  
25                 proposed for the old San Bernardino steam

1 generation plant.

2 MR. TSEKLENIS: Good. Let's see, how  
3 about one at Daggett, Coolwater. There's plenty  
4 of room up there.

5 Seriously, I think if Sunlaw would start  
6 looking at it, that would save time and a lot of  
7 energy of the people intervening, trying to fight  
8 this thing. I really suggest that you do so.

9 HEARING OFFICER GEFTER: Thank you. A  
10 blue card from Grisela Cruz, who wanted to speak  
11 to us through the interpreter. Is Senora Cruz --  
12 you would speak -- okay. Tell us your name.

13 MS. CRUZ: My name is Grisela Cruz, and  
14 I live in Thunderbird Villa right next to where  
15 you're supposed to build the plant.

16 And my concern is a lot about this plant  
17 that is going to be, I don't know how to say that,  
18 well, my proposal is that if you want to make it  
19 commercial, why don't you just relocate the  
20 people, because it's not a good thing.

21 It's just senior citizens -- this lady  
22 over here, she got asthma. All the people is sick  
23 in there.

24 And I just move over there, and I didn't  
25 know nothing about this thing. And I just -- I

1 just concern a lot.

2 HEARING OFFICER GEFTER: I also  
3 recommend that you work with Roberta Mendonca --

4 MS. CRUZ: Yeah, that's what I say --

5 HEARING OFFICER GEFTER: -- and be in  
6 touch with her and she can talk to you about your  
7 concerns and she can help bring your concerns to  
8 the Committee and to the staff.

9 MS. CRUZ: Okay. With who?

10 HEARING OFFICER GEFTER: Roberta  
11 Mendonca, the Public Adviser.

12 MS. CRUZ: Okay, thanks.

13 HEARING OFFICER GEFTER: Thank you very  
14 much.

15 I have a card from Lisette Ruiz. Ms.  
16 Ruiz.

17 MS. RUIZ: Hello. Actually I have a  
18 couple of questions. One of them is what could be  
19 the difference of the amount of PM10 that was said  
20 before, because they said they weren't sure of the  
21 amount that was going to be given off by the new  
22 Nueva Azalea Project?

23 MR. GOULD: I'm sorry, I didn't  
24 understand your question?

25 MS. RUIZ: What could be the difference

1 of the amount of PM10, particulate matter that was  
2 said that was going to be giving, because you said  
3 that you weren't sure.

4 MR. GOULD: No, I didn't say I wasn't  
5 sure. I said I didn't --

6 MR. RUIZ: Or that there might have been  
7 a mistake or something?

8 MR. GOULD: No. What I said, and it's a  
9 great question, is I said I would be responding to  
10 the data request that the Commission gave to us,  
11 and that the numbers would be included in our  
12 response. And they will be public numbers. I  
13 mean that's easy.

14 MS. RUIZ: Okay, so as Carlos explained  
15 before, about La Montana, I lived across the  
16 street from it, so I'm pretty aware that  
17 particulate matter is very small and easy to  
18 breathe. And if I understand what you said, I'm  
19 not sure about the number you said was going to be  
20 given off, but it seemed like in the tons.

21 So, how is that going to be, you know,  
22 how could the facility still be considered like  
23 clean?

24 MR. GOULD: Well, I think what we should  
25 do is let us respond to the data request, and then



1       you'll have everything that you need to make that  
2       judgment.

3               I will tell you, as I've said earlier,  
4       the Nueva Azalea Power Project is the cleanest  
5       power plant in the world. Now, that's not enough,  
6       and I recognize that, because any incremental or  
7       any significant incremental amount will do damage.

8               One of the things that we have said both  
9       tonight and previously is we think that there will  
10      be a net benefit in particular to all emissions.  
11      Number one, by the fact that we are displacing a  
12      truck park. And number two, we think that we're  
13      cleaning up the area.

14              Now, the thing that I would tell you is  
15      this. As we go through this process, frankly, I  
16      invite you to participate in this process  
17      immensely, look at the data, participate with the  
18      CEC. We think that there are benefits to this  
19      project. We think that you'll be pleased with  
20      them.

21              MS. RUIZ: Because I was also hearing in  
22      the tour that the trucks will probably be moving  
23      to, I don't know, some other city or something.

24              MR. GOULD: You know, we can't speak for  
25      JB Hunt. JB Hunt is the trucking firm. As I also

1 mentioned, there's some 250 diesel trucks, diesel  
2 truck trips that go in and out.

3 Now, all you have to do is get behind a  
4 diesel truck on the Long Beach Freeway, or get  
5 behind a school bus when it accelerates and see  
6 the big plume of unburned diesel fuel. That's  
7 particulate, among other things.

8 And we cannot speak for JB Hunt, but we  
9 are hopeful that they will move their trucks out  
10 of state.

11 I guess the other thing that I would say  
12 is I thought Mr. Porras' presentation was quite  
13 good. And the thing that I would tell you is we  
14 honestly believe that we are improving the area  
15 that we're coming into, not creating something  
16 that is worse. We ask you to test that very  
17 carefully.

18 The other thing that I will say is  
19 obviously if we don't build the plant, then you'll  
20 continue to have 250 diesel truck trips into that  
21 area clogging not only the streets, but also, in  
22 my opinion, leaving a dirty air situation dirty.

23 MS. RUIZ: Yeah, but I mean, as the  
24 trucks are going to be moving, just, you know,  
25 their location, they're still going to be around.

1                   COMMISSIONER MOORE: Let me see if I can  
2                   help out. What you're hearing tonight from  
3                   intervenors, from the applicants, is a set of kind  
4                   of preliminary arguments like going to the dinner  
5                   table and having people advance what they think  
6                   about something.

7                   And what's going to happen is, over the  
8                   course of a year or some time schedule that we all  
9                   agree upon, we're going to have a very formal set  
10                  of hearings where people are going to come up in  
11                  front of us and testify, under oath. And they're  
12                  going to lay out data such as the arguments that  
13                  this gentleman is just trying to make right now.

14                 And you'll see it in a very clear  
15                 fashion, in a written fashion, with a lot of  
16                 graphics. We have not seen that yet.

17                 So, frankly, what people are saying to  
18                 us tonight, whether it's from the applicant,  
19                 whether it's from the intervenors, is just stuff.  
20                 Just opening stuff. People making their case.  
21                 They're posturing, they're getting their case out,  
22                 they're saying what they want us to hear. It's  
23                 not formal testimony yet. We're going to get that  
24                 later on.

25                 And you'll be a party to it, all of you.

1       You will hear it the same as we do. So, right  
2       now, none of us know anything formal. And so for  
3       him to be able to answer a set of questions for  
4       you, it's not really possible tonight, on the  
5       data, because none of that has been laid out yet.

6               So what you can ask us questions about  
7       tonight are process, how we do things, that's fair  
8       game. And you can make your concerns known, and  
9       we'll take them into account. But we don't have  
10      any data in front of us yet to be able to answer  
11      your questions fairly --

12             MS. RUIZ:    Because I was actually part  
13      of -- I wasn't really doing the research directly,  
14      but from -- what are those books called -- I don't  
15      know, these green notebooks that you're supposed  
16      to submit applications, we were actually doing  
17      research and this is where I'm primarily  
18      concerned.

19             COMMISSIONER MOORE:  Well, there will be  
20      a time when people will be asked to testify on the  
21      various topics. For instance, air quality; and  
22      for instance on the topic of what happens if the  
23      trucks move. It will all be presented to us in a  
24      very formalized way.

25             People can't respond tonight to that

1 kind of detailed question, because it's not in  
2 front of us yet. But it will be.

3 MS. RUIZ: Yeah, and I had another  
4 question. During the tour they also mentioned  
5 these pipelines. How deep are the pipelines going  
6 to be dug in, and what are the dangers?

7 COMMISSIONER MOORE: Well, as to the  
8 dangers, those are going to come out in the staff  
9 analysis where there's an evaluation of that. And  
10 I think at the time when they have final  
11 engineering studies, we'll know how deep they are.

12 But those are both questions that get  
13 answered when the data gets prepared for us. And  
14 in the schedule you'll find, and everyone else  
15 here will find all the topics that Mr. Reede  
16 talked about detailed out. And we'll have those  
17 presented to us in tremendous detail as the  
18 project goes on. We don't have that data yet.

19 MS. RUIZ: And --

20 MR. REEDE: Might I add that there are  
21 copies of the application for certification  
22 available, and it has the data in it that the  
23 applicant has stated.

24 Staff is in the process of questioning  
25 that data to determine its accuracy and its

1 validity to see if what they say is going to  
2 happen is going to happen.

3 You brought up the subject of PM10.  
4 There's a table that lists all of the pollutants,  
5 I believe it's table 5.2-19, in the application  
6 for certification. That is a public document, and  
7 you can go to one of the libraries, Communities  
8 for a Better Environment has a copy, the applicant  
9 has a copy, and you can look to see exactly how  
10 much they're saying is going to come out.

11 And then staff will perform an analysis  
12 to determine if that's accurate or not.

13 MS. RUIZ: Yeah, that's why --

14 HEARING OFFICER GEFTER: Ms. Ruiz, we  
15 have to move on, there are a lot of other people  
16 who need to ask questions. And you can speak to  
17 Mr. Reede after we finish. I'm sorry, but there  
18 are a lot of people lined up behind you.

19 MS. RUIZ: Okay.

20 HEARING OFFICER GEFTER: Thank you.  
21 Okay, Ms. Jocelyn Thompson. Is Ms. Thompson here?

22 MS. THOMPSON: I had submitted my  
23 questions in writing. I don't know if you need me  
24 to pose them again?

25 HEARING OFFICER GEFTER: Do you want the

1       answers?

2               MS. THOMPSON:  Sure, that would be nice.

3               HEARING OFFICER GEFTER:  Okay, ask your  
4       question and then --

5               MS. THOMPSON:  Okay, the first  
6       question -- well, the second question had to deal  
7       with process.  Of course, there is the new  
8       legislation that Mr. Epstein had referenced.  I  
9       was just wondering whether there was going to be  
10      any acceleration of this project.  It was before  
11      we had the discussion of scheduling and maybe it's  
12      somewhat moot at this point, so.

13              The other question had to do with the  
14      water quality of the reclaimed water.  And in  
15      particular I was interested in the TDS of that  
16      water.

17              HEARING OFFICER GEFTER:  Okay, well,  
18      with respect to your question about the six-month  
19      process, this project was not filed under the six-  
20      month statute, so it is not a six-month case.

21              And with respect to your question about  
22      reclaimed water, the initial information, as Mr.  
23      Reede indicated, would be in the AFC.  And there  
24      are copies available.

25              MR. REEDE:  I might add that water

1 questions will be included in the second round of  
2 data requests. And we will specifically ask that  
3 question.

4 HEARING OFFICER GEFTER: Okay. Ms. Rosa  
5 Jurez wanted to speak to us through the  
6 interpreter. Senora Jurez.

7 MS. JUREZ: (Through Interpreter) My  
8 name is Rosa Jurez. My asthma is very bad. I'd  
9 like to know how dangerous this will be to me.

10 HEARING OFFICER GEFTER: Does the  
11 applicant want to try to answer that?

12 MR. GOULD: We believe that this plant  
13 will not cause your asthma to get any worse. The  
14 evaluation of that belief will be a major part of  
15 the evaluation and judgment which the CEC will be  
16 performing over the next year.

17 MS. JUREZ: (Through Interpreter) I  
18 moved to this area, I knew it was a quiet area. I  
19 could rest here. My pressure is very high, and I  
20 saw that this was a quiet place.

21 I'd like to know if it will be very  
22 noisy after all that is in place.

23 MR. GOULD: No. We're very concerned  
24 not only about you, as an individual, but also  
25 the community, as a whole. One of the hallmarks



1 of our company is we believe that we can serve the  
2 electrical markets without doing any damage to  
3 health or the environment.

4 Further, we believe that we can actually  
5 help not only the individual, but the communities  
6 in which we operate. We've been operating for 20  
7 years already -- excuse me, we've been operating  
8 for 15 years. And we have made great strides and  
9 spend a lot of our money developing new  
10 technologies which allow us to generate  
11 electricity without harm.

12 You only have my word, but my word is we  
13 are a good company. We will do no harm.

14 Further, in the question that you've  
15 asked, our sound engineers tell us that the power  
16 plant noise is less than the noise in the area  
17 right now. So it's actually quieter than the  
18 surrounding areas and the surrounding industry.

19 Again, I would tell you, participate in  
20 this process. You have every right to be  
21 concerned. You have every right to voice your  
22 concerns. And you have every right to have your  
23 concerns be satisfied.

24 MS. JUREZ: (Through Interpreter) Thank  
25 you very much.

1                   HEARING OFFICER GEFTER: Thank you. Mr.  
2                   Bob Riley.

3                   MR. RILEY: I don't question the need  
4                   for more power plants, so I'm not here to create a  
5                   hassle. I got a question.

6                   HEARING OFFICER GEFTER: Mr. Riley,  
7                   could you speak into the microphone? Thank you.

8                   MR. RILEY: The California electrical  
9                   generating and distribution systems really screwed  
10                  up. I don't understand it. Edison no longer  
11                  generates power; PG&E no longer generates power;  
12                  San Diego Gas and Electric, they don't generate  
13                  power.

14                  In San Diego the prices have tripled for  
15                  power. Confusing.

16                  If giants such as Edison, PG&E and San  
17                  Diego quit generating power, how can a newcomer in  
18                  the market like you guys generate it without  
19                  raising the price?

20                  MR. GOULD: Well, for a couple of  
21                  reasons. And as I mentioned in my remarks, is I'm  
22                  a second generation utility engineer. My father  
23                  worked for the Edison Company; I worked for the  
24                  Edison Company for 20 years.

25                  The deregulation did really difficult

1 things to the marketplace. First of all is the  
2 generation was basically taken from the utilities,  
3 or purchased from the utilities.

4 Now what you have in California is a  
5 situation in which people can use the free market  
6 economy to charge anything that they choose for  
7 the power that they sell in this area.

8 Now, because there is not a huge  
9 competitive supply of power, a scarcity, if you  
10 will, and because the power that used to be  
11 generated for California alone is now generated  
12 with the ability to move to Arizona or Nevada or  
13 anyplace it wants to, there is no obligation for  
14 it to be consumed here. There are market forces  
15 taking place that are harming the consumer.

16 Personally, I am very concerned about  
17 it. And there are days that I am ashamed for what  
18 is taking place, personally.

19 Now, the thing that I will tell you, the  
20 thing that my company is willing to do, we do not  
21 need to make huge profits. As a matter of fact, I  
22 will tell you that the profit component, while it  
23 is important to us, certainly falls behind at  
24 least two or three guiding principles.

25 One of the things that we are anxious to

1 do is not only create a position of good  
2 electrical quality, in other words, the fact that  
3 the plant is located here in South Gate will, just  
4 by virtue of physics, solve some of the power  
5 quality and power security in the immediate area  
6 of the power plant, or in the immediate basin, if  
7 you will.

8               Second of all, we are not adverse, as a  
9 company, to enter into long-term purchase  
10 agreements with the surrounding communities and/or  
11 customers that would provide power at a reasonable  
12 price for long periods of time.

13              These are things that we are willing to  
14 do. So, I will agree with you, as far as I'm  
15 concerned, the power industry and the power  
16 markets, as they currently stand right now, are  
17 very very raw --

18              HEARING OFFICER GEFTER: Okay, Mr.  
19 Gould, I'm going to have to ask you to wind up,  
20 because we do have some other people who want to  
21 speak.

22              MR. GOULD: Okay, thank you.

23              HEARING OFFICER GEFTER: Thank you. Ms.  
24 Poole.

25              MS. POOLE: Thank you. My name is Kate

1 Poole. I'm here representing the California  
2 Unions for Reliable Energy, or CURE.

3 CURE is supporting this project  
4 primarily for three reasons. Sunlaw has been very  
5 responsive to the concerns of labor. And as a  
6 result, this project will be built, operated and  
7 maintained by skilled workers receiving decent  
8 wages and benefits.

9 This project is also using a technology  
10 called SCONOx, which is their air pollution  
11 control technology.

12 CURE has participated in 20, I believe,  
13 power plant siting cases before the Commission  
14 since 1997. And in several of those we've  
15 advocated the use of SCONOx because it's able to  
16 achieve lower emission rates than the technology  
17 that's widely proposed on the vast majority of  
18 these plants. In fact, all but two.

19 This project, in particular, is  
20 proposing lower nitrogen oxides limits by half  
21 than any other project in the state. And lower  
22 carbon monoxide limits, on an order of four to ten  
23 times less than any other power plant in the  
24 state.

25 The other main advantage of SCONOx which

1 we have talked about at the Commission ad nauseam,  
2 is that it does not use ammonia. Though power  
3 plants that are using the alternative technology  
4 will store large amounts of ammonia on site. And  
5 we're very concerned about the hazard of  
6 accidentally releasing that, and transporting that  
7 ammonia. And this project won't be using any of  
8 that.

9 The third reason that we're supporting  
10 this project is because it's using reclaimed water  
11 for cooling. Many of the other projects in the  
12 state are using fresh drinking water to cool the  
13 power plant, which is basically evaporated away.  
14 We think this is a tremendous waste of a scarce  
15 resource, and we're very glad to see that this  
16 project is recycling reclaimed water, and not  
17 using fresh drinking water.

18 One other brief comment. We've very  
19 glad, also to see that CBE and so many community  
20 members are participating in this process. We  
21 think that that will insure that the community's  
22 concerns are well heard.

23 Thank you.

24 HEARING OFFICER GEFTER: Thank you.

25 Yuki Kidokoro.

1 MS. KIDOKORO: Hi, I have three  
2 questions. The first is just a clarifying  
3 question.

4 So, just to clarify, the electricity  
5 that will be generated will be used in the  
6 immediate area, the impacted area?

7 MR. GOULD: Electricity is like water.  
8 It follows the path of least resistance. That is  
9 not to say that there isn't both a physical and a  
10 contract path.

11 In other words, we have been buying and  
12 selling power among the 11 western states for many  
13 many years, and in particular, I used to be  
14 involved in buying power from Oregon. And we  
15 would buy it, but the Oregon electrons never got  
16 to us. They were used in Oregon, and we probably  
17 got Arizona electrons instead.

18 Now, there is great benefit to having  
19 the power plant located here because it provides  
20 for voltage support; it provides for many other  
21 things that keeps the electric distribution and  
22 transmission systems robust and healthy, if you  
23 will.

24 MS. KIDOKORO: So, it may or may not?

25 MR. GOULD: The power --

1 MS. KIDOKORO: -- have the least  
2 resistance --

3 MR. GOULD: Excuse me. The power will  
4 be consumed here. I mean that's easy. It won't  
5 get very far before it's consumed. But there's a  
6 difference between a contract path and a physical  
7 path. And if you'd like to talk to me about it,  
8 I'd be more than happy to explain it to you.

9 MS. KIDOKORO: Okay, great, thank you.  
10 The second question is about public notification.  
11 I looked at one of the maps, a couple of the air  
12 modeling maps. And it seems like there's a whole,  
13 kind of six-mile radius that is impacted from  
14 different chemicals in different dispersion ways.

15 So what is the public notification, I  
16 guess this is for the Energy Commission, for  
17 people within this range? Is the public  
18 notification very localized, or how are people  
19 hearing about this?

20 HEARING OFFICER GEFTER: The six-mile  
21 radius is used for the modeling, for the computer  
22 modeling, to determine what is the point of  
23 maximum impact.

24 But we don't notify people within the  
25 six-mile radius. Typically it's about the



1 modeling. Is that your question?

2 MS. KIDOKORO: Yeah, I just wanted to  
3 know, then, because some of the maps showed that,  
4 you know, there was -- I don't remember which, I  
5 think it was one of the particulate matter maps  
6 that showed, you know, communities in Downey or in  
7 other areas, Lynwood, and I was wondering if there  
8 was a mechanism for them to be notified.

9 HEARING OFFICER GEFTER: Well, again,  
10 this is a computer model. It doesn't mean that --

11 MS. KIDOKORO: Right, right.

12 HEARING OFFICER GEFTER: -- that the  
13 pollutants will actually be dispersed in those  
14 areas, but --

15 MS. KIDOKORO: Right.

16 HEARING OFFICER GEFTER: -- better for  
17 you to speak with staff directly maybe when we  
18 finish --

19 MS. KIDOKORO: Okay, then, I guess a  
20 related question is what is the public  
21 notification process? Or how did people hear, for  
22 example, here.

23 MR. REEDE: As I showed on my slide, we  
24 attempt to notify the public 10 to 15 days in  
25 advance. We're working very closely with all the

1 cities that are in the six-mile area to insure  
2 that they can put out notices to their particular  
3 communities either through newsletters, through  
4 their access cable.

5 The individuals that live within 1000  
6 feet of the plant or 500 feet of the linears get  
7 direct mail. Anyone that signs in on the sign-in  
8 sheet and requests to be on the mailing list is  
9 also added.

10 We've done extensive public outreach.  
11 The Public Adviser has sent notices of the  
12 meetings to all the schools within at least a two-  
13 mile area, and notices were taken home by all the  
14 students on Friday, so that their parents could be  
15 made aware and that they could attend.

16 MS. KIDOKORO: Thank you. And then the  
17 third question is, and I'm sorry if I missed -- I  
18 know that there was some questions about this  
19 throughout the hearing today -- the claims around  
20 the cleaning the air.

21 It seems like there's still kind of data  
22 to be seen, right, through this process? But, in  
23 the meantime, is that claim still going to be put  
24 out that this facility is cleaning the air, even  
25 though we don't have any way of knowing whether or

1 not that is true?

2 MR. GOULD: Well, first of all, we're  
3 going to -- this is obviously a recurring  
4 question. And we are going to provide that data  
5 in the data request.

6 Now, let me tell you about that. The  
7 data is based upon our own experience and  
8 observations in operating SOCN0x in our existing  
9 power plant. Likewise, it is based upon a limited  
10 monitoring opportunity that we had last year.

11 If you took a look at the sampling  
12 stations that I believe Mr. Porras put up on his  
13 overheads, you'll see that there aren't any -- and  
14 he referred to this -- there's a scarcity of  
15 sampling stations surrounding our area.

16 Now, our area is right next to a  
17 freeway. There's a great deal of rubber  
18 particulate and dust, and a lot of exhaust and  
19 everything else.

20 Now, if you would like, and I will tell  
21 you that many would, is you can take a look at our  
22 data and you can easily not be convinced, based on  
23 the assumptions that we used, or anything else.

24 We, likewise, are convinced, based upon  
25 our data and our operational observations, that

1       our process is the cleanest process, and actually  
2       does, at certain locations, in certain areas,  
3       clean the air.

4               We think in this case, and we have  
5       claimed in the past, that it will clean the air.  
6       We stand by that. And we're more than happy to  
7       present the data to you and to everyone else in  
8       our data request response.

9               HEARING OFFICER GEFTER: As we said  
10      earlier, that response will be public, it will be  
11      filed in the Energy Commission's docket. And it  
12      will be available to anyone who needs to look at  
13      it.

14              MS. KIDOKORO: Thank you.

15              MR. GOULD: If I may just have ten more  
16      seconds, I promise. It won't take long.

17              Having said that, however, rather than  
18      engage in an endless debate over the assumptions  
19      as to whether the assumptions we used are accurate  
20      or inaccurate, we clearly state that this is the  
21      cleanest power plant ever to be built in the  
22      world.

23              And it more than meets any of the  
24      regulatory requirements that are imposed upon us  
25      for certification or for permitting.

1                   HEARING OFFICER GEFTER: Thank you. We  
2                   have a question from Mr. Milton Hernandez. Mr.  
3                   Hernandez, the question you have here, why is the  
4                   plant going to be built here if it's not going to  
5                   provide power to the city, I believe that Mr.  
6                   Gould answered that question. Unless you had  
7                   something further?

8                   MR. HERNANDEZ: Hi. Well, I read in the  
9                   binders, I was doing some research, and I read  
10                  that it wasn't going to provide. And I didn't  
11                  hear that when they said that about that. So,  
12                  would you guys mind saying it again?

13                  MR. GOULD: This is a very -- it's a  
14                  wonderful question, it's a very complex question.  
15                  There is both an immediate benefit and a potential  
16                  benefit to having the power plant here.

17                  Number one, it supports the electrical  
18                  system in the immediate area. So it will provide  
19                  great benefits electrically to the South Gate area  
20                  and to the Edison system here in the Basin.

21                  Now, that does not necessarily mean -- I  
22                  know this is very complex, and this is why I said  
23                  I'd be more than happy to discuss it outside the  
24                  process, that does not necessarily mean that the  
25                  power will be sold here.

1                   MR. HERNANDEZ: Okay, I have just one  
2 more question. What is your purpose or goal for  
3 building this plant in the City? Like, why are  
4 you building this in the City, the plant?

5                   MR. GOULD: There are two purposes, and  
6 one will be difficult to understand -- or one you  
7 may not believe, and the other one you will.

8                   The first one is our company is in  
9 business to serve our customers. And to serve  
10 mankind, if you will.

11                  The other purpose is profit. I mean  
12 we're a company that wants to do well by doing  
13 good. And so we think that there's a great  
14 potential to do good here, and for us to do well.

15                  MR. HERNANDEZ: Okay, thank you.

16                  PRESIDING MEMBER PERNELL: Thank you  
17 very much. Before we -- that was the last card --  
18 and before we conclude I want to see if my  
19 colleague, Commissioner Moore, has any final -- we  
20 are in the Mayor's City here. Mr. Mayor.

21                  MAYOR de la TORRE: Thank you. Thank  
22 you all very much for coming out to the City.  
23 This is obviously a very important issue to our  
24 community.

25                  We, the City Council, are very concerned

1 about this issue. But I want to go through and  
2 touch on a few points relating to this proposal.

3 First of all, on the 1.5 mile radius map  
4 I was shown earlier, I believe I live within a  
5 mile of this facility, with my two children. So,  
6 on a personal level, I'm within that area.

7 I want to go through a couple of things  
8 that the City Council has done, so that you're  
9 aware. The City Council has contracted with  
10 Environmental Science Associates to do an  
11 independent third-party analysis of all of the  
12 information that is gathered, and to present a  
13 report to us that will be made public. We want to  
14 make sure that we have our own independent  
15 analysis of what's going on.

16 I believe the City of Downey is also  
17 contracting with an environmental consultant to do  
18 the same.

19 As you know, in July the Council voted  
20 to approve an advisory vote to be put on the March  
21 ballot here in the City of South Gate. We want to  
22 see what the people of the community would like,  
23 or their position on this issue.

24 And because of that, four of the five  
25 Council members have not taken a position on this

1 issue at this time. The one has taken an adamant  
2 position against this proposal. The other four  
3 are waiting to see what the people of this  
4 community see in this proposal.

5 So, I was very happy to see on your  
6 schedule that the hearings will not open until  
7 late March. At that time we will have obviously  
8 the results from that advisory vote.

9 I want to emphasize that there are, I  
10 believe, three meetings, October 18th from 6:00 to  
11 9:00 p.m. over at the Girls Clubhouse; November  
12 1st, 6:00 to 9:00 p.m. over at the Girls  
13 Clubhouse; and December 6th, 6:00 to 9:00 p.m. at  
14 the Girls Clubhouse.

15 And that is the position of the City at  
16 this time, is to promote attendance at meetings  
17 like this, to get the information out to the  
18 public, and then let them have an informed  
19 decision come March.

20 We also have taken the reports, the  
21 filings from the applicant, and we have placed  
22 them, one at Leland Weaver Library, one at  
23 Hollidale Library and another one at South Gate  
24 City Hall in the Planning Department, so the  
25 public can come and access those.



1                   Finally, there's issues regarding air  
2                   quality, obviously, in an area such as ours. I've  
3                   been very active with our surrounding communities  
4                   and the Gateway Cities Council of Governments in  
5                   terms of looking to reduce emissions in our area.

6                   A year and a half ago AQMD released a  
7                   report that said that 70 percent of the  
8                   carcinogenic effects of emissions are due to  
9                   diesel truck emissions. That is something that we  
10                  very much are concerned about.

11                  I have a model here from AQMD that is a  
12                  model of the estimated risk from all emission  
13                  sources for the southern California basin. As you  
14                  can see, from Santa Monica in the west, down to  
15                  Long Beach in the south, to Cerritos, as far away  
16                  as Irvine, out to Ontario and San Bernardino, we  
17                  are pretty much in the over 1200 range for cancer  
18                  risk per million people.

19                  So, we are concerned about these issues.  
20                  We are concerned about them within our area, and  
21                  also within the larger context, which is the  
22                  southern California basin is quite polluted. And  
23                  so that is something that we will particularly be  
24                  looking at as this process moves forward, because  
25                  we are very concerned about it.

1                   Thank you very much.

2                   COMMISSIONER MOORE:   Thank you, Mr.  
3           Mayor.   Mr. Councilman.

4                   VICE MAYOR DeWITT:   Yes, thank you very  
5           much.   And we thank you very much for coming down.  
6           I notice, I hope that United Airlines gave you  
7           folks a little better treatment than they did the  
8           last time you were down here.   I understand they  
9           held you up four hours the last time.

10                  But, anyway, be that as it may, --

11                  MR. REEDE:   Only an hour and a half  
12           today.

13                  VICE MAYOR DeWITT:   Well, maybe they're  
14           getting better.

15                  Obviously the health concerns are a  
16           major issue for our community.   But aside from  
17           that there are several other technical aspects  
18           from a taxation point of view, in essence the  
19           revenue that the City of South Gate would get off  
20           of this.   And I have a question.   I don't need an  
21           answer right now, but I will need it later on.

22                  And that's specifically will the assets  
23           of the plant and the transmission line be assessed  
24           by the L.A. County Tax Assessor or by the State  
25           Board of Equalization?   I mean that makes a

1 difference in how much revenue we get out of this  
2 thing.

3 And likewise, on the franchise issue, I  
4 raised the question before, we get a franchise fee  
5 from Southern California Gas Company. Whereas, if  
6 the gas is purchased from El Paso Natural Gas or  
7 whoever else, that may bypass our means of getting  
8 a revenue off that gas, as it is from the other  
9 gas that's consumed in our community.

10 And I think there's a more broader  
11 overall question regarding energy here, and that  
12 is from what I understand we're approaching our  
13 limits on natural gas consumption here in  
14 California, or close to it.

15 And if an additional, say ten plants of  
16 this size, around 500 to 600 megawatts, go up,  
17 that's another 5000 or 6000 megawatts of  
18 electricity being produced all with natural gas.  
19 That may stress the natural gas market. And if  
20 that happens, we may see our gas prices go up  
21 significantly for all of our residents and  
22 businesses within the area.

23 And it's not just a South Gate problem,  
24 it's a problem all over the State of California.  
25 And I'm not advocating coal plants or nuclear or

1       any of that, but I think we have an overall  
2       problem. And I think you folks on the Energy  
3       Commission have a real serious problem on your  
4       hands supplying, making sure that we have energy  
5       for all these fancy new video games and computers  
6       that everyone seems to have, and still keeping us  
7       so that we don't have such environmental problems  
8       caused by the generation of this. Because I don't  
9       think the Sierra Club is going to allow us to  
10      build any more dams up north.

11               And finally, this I would address to  
12      Carlos over here. On the chart that you showed  
13      the six or seven Superfund sites in South Gate, I  
14      think on the current EPA list there's only one  
15      site listed. And I would request to have a copy  
16      of your data on that so we can make sure that  
17      you're correct.

18               Because when you come into our community  
19      and say things that may not be correct, we want to  
20      make sure they are correct. And I think like the  
21      General Motors site, the Purex site, those have  
22      all been certified and cleaned up. But you still  
23      show them as a Superfund site, and I don't think  
24      that they are currently Superfund. They've been  
25      written off by EPA.

1                   At least that's the information we have.  
2           And if I'm incorrect, I want to make an apology to  
3           you. But likewise, if you're not correct, I think  
4           that that data needs to be corrected.

5                   COMMISSIONER MOORE: Mr. Councilman, let  
6           me respond to the first two questions first. And  
7           that is that in terms of the franchise tax or  
8           Board of Equalization revenues, that that will be  
9           discussed, typically is discussed in the  
10          socioeconomic portion of the staff report that we  
11          receive.

12                   And with regard to the natural gas  
13          facilities I'll tell you that we're mightily  
14          interested in those. And we publish an annual gas  
15          report that our staff then in turn uses as a part  
16          of this analysis.

17                   So, you're going to see pretty complete  
18          answers to all those questions in the staff data  
19          when it comes out.

20                   VICE MAYOR DeWITT: Thank you. I would  
21          request a copy of that report, --

22                   COMMISSIONER MOORE: Yeah, and I can't  
23          answer on the Superfund sites, although I did a  
24          fast count -- it looked to me like about 70  
25          Superfund sites on the map, counting the circles,

1 and that's --

2 MR. REEDE: Excuse me, Commissioner  
3 Moore. Mr. DeWitt's question regarding the  
4 franchise fees was one of the data requests that's  
5 going to be responded to on October 11th. The  
6 L.A. County Assessor will have jurisdiction as far  
7 as the tax assessment on this particular plant.  
8 It's no longer in the Board of Equalization's  
9 hands.

10 You might note that in The Chronicle a  
11 couple days ago, a number of the new merchant  
12 operators had requested that their plants be  
13 reassessed, even though they were assessed at  
14 their last sale price --

15 HEARING OFFICER GEFTER: Thank you,  
16 Mr. --

17 MR. REEDE: -- south L.A. County --

18 HEARING OFFICER GEFTER: Okay, we'll --

19 VICE MAYOR DeWITT: Thank you very much.

20 HEARING OFFICER GEFTER: Thank you. I  
21 think the intervenors wanted to answer you on the  
22 Superfund, but I think we will do that off the  
23 record. We want to wind down this evening.

24 So, any other questions we'll take after  
25 we adjourn.

1 MS. SIMON: May I ask the Hearing  
2 Officer that if the answer's off the record, the  
3 question should be off the record, as well,  
4 because Mr. DeWitt accused the intervenors of  
5 inaccuracy in their presentation.

6 PRESIDING MEMBER PERNELL: Why don't we  
7 just let the intervenors answer, and we can put  
8 this one to rest.

9 MR. PORRAS: I think it's very simple.  
10 There is generally in the general population a lot  
11 of confusion around governmental data anyway.

12 What we have in this report is taken  
13 from the federal list. And as mentioned, there is  
14 one site in South Gate which is currently on the  
15 national priority list. And the others are not on  
16 the national priority list.

17 But the actual list, the federal list of  
18 Superfund sites does include these facilities as  
19 of 1996 when the report was published. And we  
20 will forward, if it has not happened already, the  
21 full report with the reference information of  
22 where the information comes from, because it has  
23 received peer review in the fullest extent.

24 Thank you.

25 PRESIDING MEMBER PERNELL: Okay, thank

1       you. In the interests of allowing everyone to  
2       speak, we have one more card. Do you still have a  
3       question? Last question of the evening. We do  
4       have to catch a plane. But we want to make sure  
5       that everyone is heard.

6               MR. PEREDO: Thank you. I'm --

7               PRESIDING MEMBER PERNELL: Please state  
8       your name and --

9               MR. PEREDO: James Peredo, I'm a  
10       resident of the area, live in the Stonewood  
11       Village area the ladies and gentlemen visited  
12       today.

13              The question to the applicant is with  
14       regards to change of subject or maybe change of  
15       speaking language, profit.

16              You're in the business to make profit  
17       and congratulate you for that. I'm in the same  
18       business, to make profit. I have purchased  
19       several properties in that avenue. So I'm not  
20       going to say you have more right than I do to make  
21       profit out of it, but what will happen in five  
22       years when buyers are shied away from buying my  
23       property because there's a power plant two blocks  
24       away, literally, from my property?

25              MR. GOULD: We talked about this a



1 couple of meetings ago. I guess the question that  
2 you have to ask, and basically someone from the  
3 Commission, if I remember right, said that in his  
4 opinion there'd be no depreciation of property  
5 values based on the power plant. He had not seen  
6 any evidence of it.

7 The thing I would tell you is if you  
8 take a look at the power plant that we are  
9 proposing and compare it with the diesel truck  
10 terminal, which is going to affect your property  
11 values more? And that's the question you should  
12 ask.

13 MR. PEREDO: Okay, thank you.

14 PRESIDING MEMBER PERNELL: Thank you  
15 very much. In closing, remarks from Commissioner  
16 Moore?

17 COMMISSIONER MOORE: Happy to be here,  
18 and I hope that we show you that we have a good  
19 process and one that listens to the public and  
20 responds to your concerns. And makes clear and  
21 supportable findings. That's our intention.

22 PRESIDING MEMBER PERNELL: Thank you.  
23 And on behalf of the Commission I'd like to first  
24 of all, thank the community, the community of  
25 South Gate and Downey and the Mayor and Vice Mayor

1       for being here.

2               Also, CBE, the applicants. This is, in  
3       some instances, a confusing process, especially to  
4       the community. But I can tell you that we will be  
5       here, we want everybody to be heard, and we will  
6       base our decision on the facts. And the facts  
7       will be thoroughly analyzed.

8               So, thank you again, and that concludes  
9       our informational hearing.

10              (Whereupon at 8:27 p.m., the hearing was  
11       concluded.)

12                               --oOo--

13

14

15

16

17

18

19

20

21

22

23

24

25

## CERTIFICATE OF REPORTER

I, VALORIE PHILLIPS, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of October, 2000.

VALORIE PHILLIPS

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345